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INSTITUTIONAL AND COMMERCIAL DEVELOPMENT IN BOSTON'S SOUTHWEST CORRIDOR

A REPORT TO THE MASSACHUSETTS DEPARTMENT OF COMMUNITY AFFAIRS

JULY 1977

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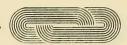
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SOUTHWEST CORRIDOR LAND DEVELOPMENT COALITION, INC. 27 Dudley Street ROXBURY, MASSACHUSETTS 02119



# SWCC Southwest Corridor Land Development Coalition, Inc. 27 Dudley Street Roxbury, Massachusetts 02119 (617) 427-0035



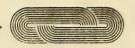
INSTITUTIONAL DEVELOPMENT FOR THE SOUTHWEST CORRIDOR

June 23, 1977

THE R. P. LEWIS CO., LANSING

#### SWCC Southwest Corridor Land Development Coalition, Inc.

27 Dudley Street Roxbury, Massachusetts 02119 (617) 427-0035



June 23, 1977

David Entin, Administrator
Division of Social & Economic
Opportunity
Department of Community Affairs
Leverett Saltonstall Building
100 Cambridge Street, 13th Floor
Boston, Massachusetts 02202

RE: DCA Contract

Dear Mr. Entin:

Herewith, please find a draft of the final report of the Southwest Corridor Coalition, Inc., "Institutional Development for the Southwest Corridor" completed for the Massachusetts Department of Community Affairs under a Community Enterprise Grant. SWCC is pleased to have been the recipient of a Community Enterprise Grant to investigate issues of controlling land use and the feasibility of commercial development projects in the redevelopment of Boston's Southwest Corridor.

We wish to express our appreciation to the Deparment of Community Affairs for the close cooperation of its staff, especially Rick Austin and Jerry Tuckerman, during the development of this report. Our thanks also to Alpha Howze, Roxbury Multi-Service Center, Edwina Cloherty, Jamaica Plain Mortgage and Banking Committee and Barbara Rucker, SWCC Board Member, former Department of Environmental Management Dr. Bette Woody and Mr. Evan Doebelle, for their willingness to share their time, energies and knowledge and sense of excitement about community development. Our very special appreciation goes to Michael Hawkins, SWCC Counsel for Economic Development, who directed this study and to Brad Yoneoka, Financial Consultant and Market Analyst, whose thorough analysis is always appreciated. Special thanks are also due to Ms. Jessie Hill, SWCC Administrative Assistant, for her patient typing of the many drafts involved.

We were initially enthusiastic about a second case study which might have been a part of this study. The failure of the Metropolitan District Commission to provide resources to the Environmental Impact Assessment Process left us without the data and information base necessary to the evaluation. Further, the inability of the Department of Environmental Management to assume jurisdiction without clear Executive leadership, have left the status of a Southwest Corridor Linear Park in limbo. Clearly, it requires a special leadership, design and planning attention which were beyond our means to produce through this effort.



David Entin, Administrator June 23, 1977 Page Two

We look forward to an opportunity to assist the Department in the implementation of the report's recommendations and to other agencies in the execution of the project.

Sincerely,

Elbert R. Bishop Executive Director

ERB:jlh Enclosures



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  - IX. Supplements
    - Supplemental Memorandum to "Institutional Development for the Southwest Corridor" (DCA Contract)
    - 2. Memorandum of July 14, 1977, including:
      - A. Graphics
        - 1. Rendering of a supermarket
        - 2. Site Plan for a supermarket; Parcels 10, 10X
      - B. Amendments
        - Under "Marketing Program"section, after p.9, add pp. 10-26
        - Under "Marketing Feasibility Analysis" section; after p. 20, add pp. 21,22,23
        - 3. Under "Fiancial Program" section, substitute for p.4, "Estimated Construction Costs"
      - C. Supplemental Appendices
        - 1. Background material for Marketing Analysis
        - 2. Background material for Financial Analysis



#### General Summary

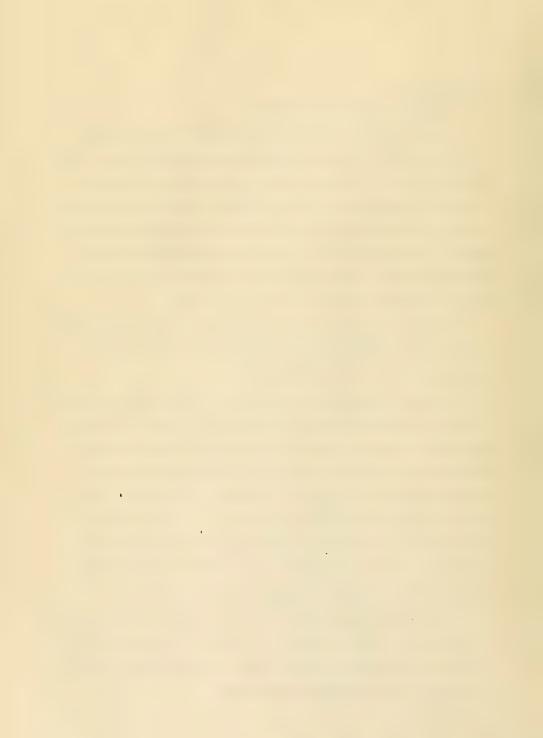
Substance: Supermarket Feasibility

This study attempts to determine the feasibility of the location of a supermarket in the Dudley Square/Dudley Station trade area, an area ob about one mile radius around Dudley. The boundaries are roughly considered as Massachusetts Avenue (northeast), Columbia Road (southeast), Franklin Park (southwest), and the Penn Central railroad tracks (northwest). Additionally, the trade area includes the Bromley Heath and Mission Hill public housing projects, the Parker-Fenway area, and the Tenants' Development Corporation housing (South End).

The location considered for the supermarket is parcels 10 and 10X located in the Southwest Corridor and bounded by Williams, Washington, Sterling (streets) and Shawmut (avenue).

The report concludes that a supermarket is feasible from a marketing (demand) and financial (economic viability) point of view. The market demand comes from the current population with the addition of house-holds expected to locate in new and rehabilitated construction now nearing completion or projected for completion in two(2) years. The analysis looks at three possible 1980 "futures"; (1) "core decline" where population is projected to decline, (2) "trades extended" where population is expected to continue current stabilizing trends and (3) "core intensive" where modest population growth is projected.

The residential population of the trade area was, for 1970, about 72,780; and, for 1975, about 68,920. Projections of the population in 1980 are: for core decline, about 60,570; for trends extended, about 69,340; and for core intensive, about 80,730.



Gross income of the trade area population in 1970 was about \$118, 460,000. Projections of gross income in 1980 are: for core decline, about \$104,710,000; for trends extended, about \$114,075,000; and for core intensive, about \$129,515,000.

For supermarket expenditures of the trade area population in 1970, was estimated to be \$21,290,000. Projections in 1980 are: for core decline, about \$18,795,000; for trends extended, about \$20,490,000; and for core intensive, about \$23,270,000.

Total Dudley Square commercial area market share of total consumer expenditures without any development for 1980 is: for core decline, about 21.8%; for trends extended, about 25.4%; and for core intensive, about 26.5%.

For supermarkets, the current store with the greatest market share is Blair's, with about 9.4% in 1970.

Market feasible stores, i.e., stores supportable through market area "spendable income" and projected "capture rate" (i.e., dollars likely to be spent in the area stores) for development are as follows. Most feasible are: the supermarket, drug store, family wear, hardware and fast foods. The larger the store, in general, the more feasible the development. The medium feasible developments are: the junior department store concession and the dry cleaning store. The least feasible are: the junior department store chain, the appliances store, and the TV/Radio.

The financial feasibility examines a number of retail types, including a supermarket, junior department store, family clothing store, drug store, hardware, and fast foods. Financing looks to the conventional market as a secondary source with public programs and private foundation support considered as primary financial sources. Current



feasibility of developing these non-conventional sources needs further investigation. Projected cost figures are for project "packages" (programs) rather than for separate stores. Initial capital structure recommended has about \$240,000 - 300,000, of venture capital and \$230,000 - 550,000, of bank debt. Trade credit requirements range up to \$250,000.

Construction costs would be about \$400,000 for the smallest alternative and about \$750,000 for the largest alternative. Rental expense is ashigh as \$65,000 per year. Construction and rent subsidies are desirable to make the project attractive. A "percentage leasing" agreement whereby a portion of profits, beyond a certain sum, go to "repay" the subsidy should be considered.

## Style: Supermarket Feasibility

The supermarket feasibility part of the report is divided into the following parts: market feasibility (which examines general marketing success factors), marketing program (which examines specific marketing structures), financial feasibility (which examines general financial structures) and financial program (which examines specific financing structures). Additionally, there are "methodology" notes for marketing and financial analysis included.

### Substance: Land Use Inventory

This study involved the development of a land use guide to non-traditional land use and land development mechanisms. The purpose of the project was to begin to pull together in one place a description of new or seldom tried techniques for the development of land. The materials are collected under three headings: temporary, interim and permanent land use controls. Use of these techniques might be con-



This material was reviewed by a SWCC temporary committee on land use. The committee members made suggestions which were incorporated into the final draft. The Committee also discussed land use and land development in the Southwest Corridor and associated areas of Jamaica Plain and Roxbury. A brief summary of the Committee discussions is included in this report.

#### Style: Land Use Inventory

The land use materials are divided into three(3) parts: "A Land Use Controls Primer," a brief memorandum entitled "Land Use Preferances in the Southwest Corridor," and the Appendix to the Primer which is an selective annotated bibliography of land use controls.



A MARKETING PROGRAM FOR COMMERCIAL DEVELOPMENT
Of PARCELS 10 and 10X

May 18, 1977



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#### Executive Summary

Demographically, Dudley attracts low-income consumers, and it serves this market by supplying a proportionately higher share of convenience goods than shopping goods.

The analysis herein compares shopping goods to convenience goods as a way of understanding the basic product of the Dudley Square shopping area.

Rapid change permeates many of the industries into which fall most of the Dudley stores. In some instances concepts are changing while in others there are simply tendencies toward domination by a few large companies, making chain affiliation the best entrée.

As respects the marketing analysis, three alternatives under two marketing analysis are examined. Suggested "anchor" stores are a supermarket, a junior department store and a concession store. Product testing, packaging, pricing, promotion and management issues are briefly discussed under the alternatives. The concession store arrangement is offered as a potentially rewarding and innovative approach.



#### Introduction

Traditional marketing analyses of real estate focuses on a narrow spectrum of both the marketing mode of analysis and the marketing mix of the program. In order to rectify the inadequacy of traditional analysis, we will attempt to provide a more complete analysis below.

The first part is concerned with the marketing mode of analysis, defined as composed of five major areas: the marketing analysis, the consumer analysis, the competitive analysis, the trade analysis and the economic analysis.

The second part is concerned with the marketing mix of the program, defined as composed of six major areas: the product element, the packaging element, the promotional element, the pricing element, the channels of distribution element and the personal selling element. Additionally, the program is defined by the organization type, the cost of the product and the timing of the aforementioned elements.

These two parts are brought together by the marketing strategy's application of the results of the marketing analysis to the formulation of the marketing program.



#### Consumer Analysis

The consumer of the Dudley Square commercial area primarily buys shopping goods. Shopping goods are best understood when compared to convience goods. Shopping goods are higher priced, bought less frequently, have a greater variety, and have more attendant services compared to convenience goods. Another comparison is by trade area, comparing Dudley to the Central Business District (CBD). Dudley Square goods are lower priced, bought more frequently, have less variety, and offer fewer attendant services than available in the CBD.

The consumer of the area is purchasing primarily for the home.

These are goods such as beds, eating tables, floor coverings, curtains, radios, ready-to-wear clothes, pots and pans, dishes, basic hardware such as hammers and nails, basic foods, and medicines for minor ailments.

The consumer is also an ethnic buyer. This may include traditional Southern or "soul" foods, Afro-style hair styling and records by black artists.

Most important, the average consumer's spendable income is low compared to consumers in other sections of the city.

Also, the consumer tends to be more reliant on public transit; this may be important if you consider that Dudley Station is a major public transit terminal.

## Competitive Analysis/Industry Trends

The market segment posture of the Dudley Square commercial area is that of the eroding community shopping center. The segment characteristically falls between the neighborhood store that provides convenience goods, and the regional shopping center that provides competitive shopping goods.



The market segment, defined by income, is a low-income segment.

Also, it is defined by its' ethnic character. Therefore, the commercial area is also in competition with the other major community shopping center which attracts this consumer group: Mattapan Square. And Dudley is in competition with any other neighborhood center that houses shopping goods stores, such as Washington Mall which has a Zayre's department store.

Three major trends are eroding this market segment. First, as the regional centers continue to improve efficiency and take advantage of the mobility of consumers, the competitive edge of regional centers increases. Second, the recession of three years ago has resulted in the bankrupcy of a number of national and local discount chain stores. And third, some of the independent entrepreneurs who form the base of the commercial community center are leaving for various reasons, including age, increased competition from other areas, perceived crime as well as better prospects elsewhere.

Trends appear to vary by industry. For example, nationally, furniture has undergone tremendous changes in its distribution. Levitt and J. Homestock are taking over the industry forcing department stores and independents out of business. Built on a warehouse concept, the new store offers quality in design, service and dependable delivery. The store is segmenting out the working class from the consumers of the old department store. Advertising which can be employed efficiently by national or regional chains increases competition. Competition is stiff. It is an industry to avoid.

Household furnishing is a safer industry to be in. But, this industry segment is saturated in the Dudley Square trade area.



Family wear and family shoes are undergoing tremendous changes due to the invasion of Asian imports wiping out the low end of the market. This segment is largely a self-service one. The purchase, is a frequent one, and more likely to occur in a nearby area, like Dudley, than downtown. It is difficult to determine whether national chains will enter the market area.

Radio and TV stores may require too much investment, and too much discount. In addition, this type of store usually has an experienced and agressive salesman with technical knowledge. Local specialized chain stores dominate the industry. A combination radio/TV store may be able to survive with small portables, with obscure names and low prices. Cheaper Japanese goods may provide a lower price without sacrificing quality.

Appliances is a difficult industry to penetrate. Sears has done much to destroy the appliance industry. The name now means as much as Maytag or Westinghouse, and the price is lower. The industry is now split primarily into a few high priced stores selling at list price, usually marked by direct contract, and discount stores that compete on large volume and rapid turnover.

Hardware is a good convenience store that does not require a large investment. However, it is a tedious business that is the object of many thefts and thus requires much reordering. It is usually run by former construction workers and independent handy-men. The industry is both filled with chain stores, such as True Value, one of which is in Roxbury, and independents, such as Pill, Inc., in Central Square, Cambridge.

Junior department stores are dominated by established independents and national chains. This industry is suffering serious problems. The great advantage that the junior department store has over the smaller



component stores is that the former can easily close small departments that prove unsuccessful. The dynamic junior department store is always experimenting with lines and departments. The market gap in Dudley is greatest here.

Supermarkets are split into three industry segments. The major trend is that the affiliated independent, and the chain store are taking away business from the unaffiliated independents. In Roxbury, the Stop 'n' Shop in Grove Hall, a chain store, survives while Folsom's, and unaffiliated independent, closes.

Drug stores are a comparatively safe industry. Generally independents abound as well as national chains. The store usually depends on a licensed pharmacist who has already made a career decision to stay in retail drugs. With the closing of the Rexall and the RAP Pharmacy, the competition is small.

Finally, fast foods are a viable industry to enter. National chains now dominate the industry with mass distribution networks, standardized products, efficient measures of operation and large investments in advertising. Independents manage to survive, in part, through the provision of foods to meet ethnic tastes.

## Trade Analysis

The essential point about trade relations is that only the big guys get the attention from trade suppliers. And attention means stocking and delivery as well as trade credit. The little guys mean too little to the very large trade suppliers for trade relations to matter. Thus, chain stores are crucial to developing and maintaining good trade relations.



#### Marketing Analysis

In order to fully develop three Alternatives, we will give two marketing analyses. The first is a combination of Alternatives I and II. The second is for Alternative III. Let us first examine Alternatives I and II.

The product of this marketing analysis is the two packages outlined in the marketing feasibility study. One alternative (I) has a supermarket for an anchor in one parcel, and a junior department store as an anchor in the other. In this case, independent site development is feasible. The second alternative (II) has a supermarket as the main anchor and a family clothing store and perhaps an appliance store as minor anchors (as in the A&P store that anchor's the North Philadelphia Progress Plaza). In this case, site development must proceed jointly in order for the product to be completed. (Tables XI, XII)

The marketing feasibility study also suggested other stores that could fit within the two parcels, complement the two anchors, and stand a good chance of surviving against competition and industry trends. These stores, however, can also be filled by existing businesses located nearer the Dudley Square transit station. In conventional development, the chain composition is usually 65-70% of the total gross leasable space. And the ratio of national to local stores is about 60:40 (as in the case of Bed-Sty Restoration's Sheffield Center).

Some product testing can be achieved in the installation of the secondary stores, and of various product lines and mixes in the anchor stores. Test marketing of consumers should focus on the low and moderate



income federally-subsidized projects surrounding Dudley Square in Lower Roxbury, and on the users of Northeastern University. An optional consumer survey of what type of stores local residents would like to see could be made (as in the case of Restoration). Introduction of the stores may also be tied to the closing of a store in the same industry located in another part of Dudley Square.

Packaging of the commercial project is crucial. It should, as well, be tied to the coming of the new mass transit spur. The key characteristic of the shopping center that would differentiate it from other stores in the area is its newness.

Pricing of the product, that is, the investment cost and the profitability of each store, can be lower than market cost through the proposed subsidies presented in the financial analyses. Competition for the product should tend to minimize the subsidy required. Whether one or more national chains will want to develop one of the anchors with its moderate traffic flow is an open question. Pricing of goods and services provided in the stores should at least be competitive with Dudley Square stores, and can be regulated by the selection of discount stores. A pricing survey for each store compared to its key competitors would be a valuable means of monitoring the consumer value of the complex.

Brand policy is marked by a decision to secure nationally recognized chain stores as anchors. This, in turn, makes brands of the secondary stores less important. These brands should provide the stability, quality, variety and reasonable prices demanded by the consumer.

Promotion of the product must be a continual operation.

The target of the promotional program should be the woman of the house-



hold, single working men, and children who need clothes and toys, all of whom shop on the weekends. Primary modes of advertising would be some television, if possible, the <u>Boston Globe</u> and the <u>Bay State Banner</u>, and coupon/specials printed in shopping center rags, as well as MBTA ads. Additional promotional tools include longer operating hours and openings on Sunday (as the now successful 24-Hour Store chain is doing). Failure to promote the center would be a key contributer to failure of the complex (as in the case of Chicago's TWO-Hillman project). (Table IX, X)

Provision must be made for transportation services. Key to the success of high volume supermarkets is the conveyor belt package pick-up area complemented by smple psrking. (E.g., Star Market, Porter Square, Cambridge.)

Alternative III is similar to Alternative I; the difference lies in the internal organization of the junior department store. Externally, the concessionary store operates just as a regular store. Let us consider the concessionary store by comparing it to the standard chain operation. The junior department store has three main functions: (1) corporate, including real estate, advertising, accounting and so on; (2) store operations, including all the operating costs; and (3) buying, including all merchandising. The concessionary store would eliminate one expense by placing responsibility for the buying organization on the local concession. For technical lines, like cameras, the sales people also would be the responsibility of the concession. Depending on the number of floor personnel paid by the concession, the savings could be substantial, cutting off as much as 10% of sales from the operating costs. There are also key scale economies. When the number of stores reaches five to ten, advertising costs are much cheaper. An



essential marketing idea is that all the goods sold in the store have one brand name despite the many stores represented. The model of this organization is Times Square Stores of New York City. (Table VI, XIII)

The advantage of Alternative III, the local concession, are numerous: e.g., smaller space is required, larger parking area is available and security is greater in the store. The single warehouse/storage space is more efficient. Receiving areas from truck delivery is centralized. Also, intended single purpose consumer trips might result in multiple purchases benefiting other concessions.

There are additional advantages of the concession alternative. Instead of limiting the variety of stores due to existing competition in Dudley, the concessionary store could provide small departments that could provide a full complement of general merchandise lines since the sales of a given department would not be required to be as great as that needed to support a full store. Also, instead of limiting the potential tenants to existing merchants in Dudley, local concessions can be secured from the best stores, throughout Roxbury. Also, chain stores, like Sears for auto parts, etc., would more easily take a concession than invest in a full store. Additionally, the potential to realize full sales would be greater for the concessionary store since each concession would have the profit motive incentive, and would have the experience of selling to Roxbury consumers.

The local concession would have to pay only a rent per square foot, a combined charge of the space used and the share of common area assigned pro rata to the concessionaire. In addition, warehousing rent is charged by space used. Thus, many expenses of tenants are lower than they might otherwise be since they are based on actual use.



In order to plan the layout of the store, the services of a good merchandiser is required. Basically, high traffic generating departments must be placed farthest away from the entrance. And if two stories are used (as in the case of Times Square Stores in Brooklyn), then compatible lines must be placed on each floor, and with respect to the stairs or walking sidewalk (an escalator would likely be too expensive).

In order to manage the concessionary store, the services of a good diplomat is required rather than of a merchandiser. The primary management problem would be that of maintaining working relations with concessionaires. With five to ten stores, building a merchandising management team becomes both feasible and necessary.

Such a junior department concessionary store would be a significant innovation in inner-city commercial development. To the author's knowledge, no CDC has yet tried this very feasible type of store.



MARKET FEASIBILITY ANALYSIS OF PARCELS 10 and 10X
DUDLEY SQUARE, ROXBURY, MASSACHUSETTS



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Executive Summary

This marketing and financial feasibility report focuses on Parcel 10 (government owned) and expansion Parcel 10 x (privately owned) which are located in the Southwest Corridor. The location and lot area of these parcels make them good subjects for analysis of use potential. This report looks at the demographic character of the defined market area (including: current and projected income, age distribution and growth). These characteristics have been compared with a financial feasibility analysis.

Preliminary findings are made subject to return on investment and related data which is being prepared. Initial conclusions are that Parcel 10 alone or Parcel 10 and Parcel 10x together could support commercial retail uses which would include a small to medium size super market and an additional retail use appropriate to the initial use and remaining space. With respect to location of the development, other parcels within the market area might be considered.



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#### Introduction

The subject of this report is the determination of the market feasibility for commercial development of certain areas in the Dudley Square Area of Roxbury, Massachusetts. These areas are related to the planned development of a replacement mass transit service to Roxbury. The primary area, Parcel 10, is now wholly-owned by the Commonwealth of Massachusetts. The secondary area, Parcel 10X, is privately held.

The aim of this study is to determine the extent of expanded commercial development feasible in the above noted area. It should be noted that the location is generally within the Dudley Square shopping area. This area is now the primary commercial area of the Roxbury community. Overall commercial activity has declined during the last several years due, in part, to the departure of the base of absentee owners who make up the majority of store owners; some left for greener pastures, others retired and closed their shops while still others believed the conditions were unfavorable.

The completion and tenancy of the extensive federally-subsidized low-and-moderate-income housing in the area adjacent to Dudley Square make expanded commercial development worth a second look. In addition, the planned mass transit development should provide through increased access and improved urban texture an opportunity for successful development to occur.

Also, there have been improvements by private developers, e.g., the Gardener Apartments in Highland Park, as well as individual rehabilitation and developments which are moving ahead.



Additionally, the success of local community development corporations in new development projects in the area surrounding Dudley Square provides a successful and dynamic organizational force which is committed to the community the chance to initiate feasible commercial development.



### Dudley Square Trade Area

The trade area is defined as that geographical area which comprises the total number of residences of consumers who shop for goods and services in stores and offices in a given commercial area. For the purposes of this study, the trade area is defined as the area roughly bounded by Massachusetts Avenue on the northeast, by Columbia Road on the southeast, by Franklin Park on the southwest, and by the Penn Central railroad tracks on the northwest. In addition, the trade area includes the Bromley Heath and Mission Hill Extension public housing projects, the Parker Hill-Fenway area, and the Tenants' Development Corporation housing area of the South End.

The trade area is divided into its community components. These are: part of the South End, part of the "Back Bay" (including Parker Hill-Fenway), Roxbury North, Roxbury South, Roxbury West, and part of North Dorchester.

A consumer survey by the former Circle Development Corporation (now Greater Roxbury Development Corporation) in 1972, called <a href="The Special Mobility Study">The Special Mobility Study</a>, concurs in this designation of a trade area for Dudley Square. (That study indicated that less that 2% of shoppers came from outside the area; these came primarily from Mattapan and Columbia Point.)



### Trade Area Demographics

The 1975 State Census of Population showed a total population of 68,920 people residing in the trade area of Dudley Square. This was a decline of 5.4% from the population in 1970. By comparison, Boston had a decline of 0.6% during the same period.

Among the current population, 4 in 6 are black, while 1 in 6 is of Spanish surname, and another 1 in 6 is white. Therefore, the trade area is predominantly black. A breakdown of the racial composition of the trade area is given in Table II.

Of these people, 1 in 10 are pre-school children. Young, school aged children and teenagers together are another 3 in 10. Adults are almost another 5 in 10. And elderly are about 1 in 10. Therefore, there is a predominance of substantial numbers of school-aged children followed by sizeable proportions of teenagers. A breakdown of the age composition of the population is given in Table III.

As respects income, about 55% of the families earn under \$5999 per year. Another 32% of the families earn between \$6000 and \$11,999 per year, while the remaining 13% earn \$12,000 or more. Therefore, the population is predominantly low-and-moderate-income. A breakdown of the income distribution of the population is given in Table IV.



Table I

# Population of Trade Area 1975

Community Segment	Population
South End (part)	6,923
South End (part) "Back Bay" (part)	3,493
Roxbury	42,725
North Dorchester	15,779
Total	68,920

Source: State Census of Population - Headcount by Wards

AND Precincts, Commonwealth of Massachusetts, 1975.



Table II

Racial Composition of Trade Area

Community Segment	Percent Black	Percent White
South End	60.5	39.5
"Back Bay"	71.1	28.9
Roxbury	71.1	28.9
North Dorchester	36.7	. 63.3
weighted average	65.8	34.2

Source: State Census of Population - Headcount by Wards and Precincts, Commonwealth of Massachusetts, 1975,



## Table III

## Age Composition of Trade Area

Under 5 6-20 21-64 over 64 Total

Weighted average 8% 33% 44% 15% 100%

Source: State Census of Population - Headcount by Wards and Precincts, Commonwealth of Massachusetts, 1975.



Table IV
Income Distribution of Trade Area

	\$2999	\$3000 <b>-</b> \$5999	\$8999	\$11,999	\$12,000-	and over
ercentage of families	23%	32\$	1%	13%	7%	6%

ource: State Census of Population - Headcount by Wards and Precincts,
Commonwealth of Massachusetts, 1975.



#### Population Growth Projections

Population growth projections were made for the trade area in 1975, five years from the date of the last detailed census estimates by census tracts. These projections were categorized as "optimistic", "likely", and "pessimistic". These projections provide the range of trade area population deemed probable in the years within which new commercial stores would be developed.

These projections were made based on alternative assumptions of several key factors. These factors include in descending order of importance: (a) the growth of the core city of Boston, (b) the growth of the low and moderate income housing stock due to federally-subsidized new construction and rehabilitation programs, and (c) the net of migration into and out of the trade area.

The population of the trade area in 1975 is about 68,908 persons.

A breakdown of the population by communities is made in Table V.

Based on the projections for 1980, the population of the trade area will be in the following probable range. If there is a decline of the core, the population will be about 60,568 persons or 87.9% of the 1975 population. If there is an extension of present trends of the population growth, the population will be about 69,336 persons or 100.6% of the 1975 population. If there is an intensification of the core city, the population will be about 80,728 persons or 117% of the 1975 population. A breakdown of these three population projections by community is provided in Table VI.



Tablb V

#### Population of the Trade Area 1975

Community Segment	Number of People
South End	6,924
Back Bay	3,492
Roxbury ·	42,713
North Dorchester	15,779
Total	68,908

Source: State Census of Population - Headcount by
Wards and Precincts, Commonwealth of
Massachusetts, 1975



Table VI
Population Projections of the Trade Area: 1980

Community Segment	Core Decline	Trends Extended	Core Intensive
South End	6,519	6,601	7,497
Back Bay	2,903	3,056	4,370
Roxbury	36,217	45,296	51,277
North Dorchester ·	14,889	17,659	17,584
Total	60,568	69,336	80,728
Per Cent of 1975	87.9%	100.6%	117.2%

Source: The author.



#### Sales Projections of Existing Businesses

We have updated the inventory of retail businesses in Dudley Square. Starting with the Dun and Bradstreet Market Indicators, 1973, we have updated the list of retail businesses.

For those retail businesses that would likely fit into the two Parcels, there are aggregate annual sales of \$10.1 million in 1975.

Making projections of sales in 1980, aggregate annual sales should reach over \$10.9 million. The assumptions underlying these projections are modest but steady growth.

The existing retail stores are especially large in liquor, household furnishings and related goods.

For a breakdown of existing and future retail sales, see Table VII.

Of major importance to the business inventory is the confirmation that Dudley Square <u>is</u> a community level shopping center. Compared to a survey of shopping centers across the nation, <u>The Dollars and Cents of Shopping Centers</u>, Urban Land Institute, 1975, Dudley Square is a small to medium sized shopping center in almost all retail categories. For a comparison, see Table VIII.



Table VII

Growth In Sales: Projections of Existing Businesses

Retail Category	1975	1980
Supermarket	\$2,000K	\$2,694K
Fast Food	\$ 770	\$1,032
Liquor	\$1,350	\$1,562
Dry cleaning	\$ 150	\$ 201
Junior Department Store	\$ 250	\$ 350
Family Wear	\$1,530	\$2,145
Household Furnishings Furniture Hardware	\$2,690 \$ 740 \$ 84	\$3,720 \$1,036 \$151
TV and Radio	\$ 165	\$ 221
Drugs	\$ 450	\$ 603
Total	\$10,179	\$10,947

Source: Market Indicators, Dun and Bradstreet 1973



Table VIII

#### Sales as an Indication of Shopping Center Size: Dudley Square

(annual sales in 000's)

Retail Categories	Dudley Square	National
Supermarket	\$2,000	small to medium
Fast Food	\$50-3100	\$1,900-\$2,700 small to medium \$65-145
Liquor .	\$50-\$200	small to medium \$110-\$225
Dry Cleaners	\$50	small to medium \$25-\$60
Family.Wear	\$50-\$350	small to medium \$45-\$380
Furniture	\$440	small to medium \$460-\$810
Hardware	\$85	small \$80
TV and Radio	\$165	medium to large \$115-\$165
Drugs	\$150-\$300	small to medium \$350

Sources: Market Indicators, Dun and Bradstreet, 1973

Dollars and Cents of Shopping Centers, Urban Land
Institute, 1975



#### Projected Unsatisfied Retail Demand

By estimating the total consumption expenditures of the resident trade area population in 1980, and then netting out the future retail sales of existing businesses in 1980, we can derive the projected unsatisfied retail demand in Dudley Square.

Under the optimistic assumption, 78.2% of total retail demand is unsatisfied locally. Under the most likely assumption, 74.6% of total retail demand is unsatisfied. Under the pessimistic assumption, 73.5% of total retail demand is unsatisfied. Most of this locally unsatisfied demand is satisfied by the supply of goods and services from outside of the Dudley Square commercial area. I would postulate that some of this unsatisfied demand just goes unsatisfied and is spend on other goods and services or saved. (No information exists on this pattern.)

Clearly, the indication is that except in the two retail categories already saturated in supply, i.e., liquor and household furnishings, substantial potential exists for commercial development in a wide spectrum of retail categories (not just the ones examined in this report). For a breakdown of this unsatisfied demand, see Table IX.



Projected Unsatisfied Retail Demand in 1980 (annual sales in \$000's)

Retail Category	Core Decline	Trends Extended	Core Intensive
Supermarkets	13,998	15,689	18,477
Fast Foods	1,097	1,286	1,605
Liquor	-	-	<b>-</b>
Dry Cleanings	1,014	1,122	1,302
Junior Department Store	4,331	3,786	4,650
Family Wear	2,797	2,436	3,552
Household Furnishings	<b>-</b>	-	359
Furniture	1,436	1,635	2,002
Hardware	981	1,076	1,238
TV, Radio	485	550	639
Drugs	1,365	1,522	1,811
Total	\$27,504	\$29,102	\$35,635



#### Market Feasible Retail Development

The supply gap of the Dudley Square area was widened by the closing of 29 stores in the categories examined as part of this study. These closings were during the years 1973-1976. Demand in the area is potentially strengthened by this supply gap but only if new businesses can achieve proportionate increases in profits. The increased demand, resulting from this gap, exists in each category save dry cleaning. (See Table X.)

A sensitivity analysis was performed to test the effect of the assumptions made with respect to square footage, sales, population, market penetration rate, sales growth and mass transit reliance. Results of the sensitivity analysis indicate that there is no effect on the feasibility analysis. Most important, a sensitivity analysis across population does not affect the results, nor is there an effect where the sensitivity analysis considers consumer behavior, income distribution or various transportation modes for shopping access.

Market feasibility demonstrates that a store in each retail category except liquor and household furnishings is feasible.

The design of the packages is based on two concepts. First, each complex is associated with an identifiable retail group, or collection of stores i.e., food for one complex and soft hard goods for the other complex. Second, each alternative is designed based on either the concept of independent or separate development or the concept of interdependent or combined development. Alternative I is designed as two independent parcel developments where phasing is not crucial. Alternative II is designed as two interdependent parcel developments linked by parking where phasing is crucial. Alternative II permits a larger scale of development. A result



of these two differences is that Alternative I creates more dispersed development, while Alternative II creates more concentrated development.

Alternative I recommends a small to medium size supermarket and a junior department store. The total size of the food complex is about 20,000 square feet of gross leasable space, and the soft/hard goods complex is about 55,000 square ft. Alternative II recommends a medium sized supermarket and several soft/hard goods stores. The total size of the food complex is 30,000 square feet (GLA) and the soft/hard goods complex is about 45,000 square feet (GLA). Each of these alternatives has a number of sub-alternatives based on whether the store is a national chain store, a local chain store, or an independent. For a breakdown of these two alternatives, see Tables XI and XIII.



Table X

Businesses That Closed in Dudley Square: 1973-1976

Retail Category	No. of Stores	Estimated Sales (000's \$)
Supermarkets	1	\$1,200
Fast Foods	7	\$1,100*
Liquor	5	<b>\$</b> 450*
Dry Cleaning	-	
Junior Department/ Family Hear	10	\$2,300*
Household Furnishings/		
Furniture	1	<b>\$</b> 130
Hardware	-2	\$ 200
TV, Radio	1	\$ 10
Drugs	2	\$ 300

<sup>\*=</sup> partially replaced by new businesses



# Table XI

# Alternative I:

Parcel 10:	Food Complex	15,000 square feet (GLA)
	Suparma <u>rk</u> et National chain Local chain Independent	14,000 11,000 8,000
	Drug Store National chain Local chain Independent	10,000 8-9,000 5-6,000
Parcel 10X:	Soft/Hard Goods Co	mplex 50,000 sq ft (GLA)
	Junior Department	Store
	National chain	40,000
	Local chain	20,000
	Independent	15,000
•	Hardware	
	National chain	6-7,000
	Local chain	8,000
	Independent	4-5,000
	Radio/TV (optional	•
	National chain	2,000
	Local chain	2,000
	Independent	1-2,000
	Dry Cleaning	
	National chain	0.000
	Local chain	2,000
	Independent Fast food	1-2,000
	National chain	1-2,000
	Local chain	1-2,000
	Independent	1-2,000
	Tire politions	2 2,000



## Table XII

# Alternative II:

Parcel 10:	Food Complex	25,000 square feet (GLA) (includes parking)
	Supermarket	(11101010101010101010101010101010101010
	National chain	14,000+
	Local chain	11,000+
	Independent	8,000+
	Drug Store	
	National chain	8-10,000
	Local chain	6-8,000
	Independent	5-6,000
Parcel 10X:	Soft/Hard Goods Co	north agreement and the second
	Family Wear	(includes parking)
	National chain	10-15,000
	Local chain	8-12,000
	Independent	4- 6,000
	Family Shoe	
	National chain	3-5,000
	Local chain	3-5,000
•	Independent	3-4,000
	Furniture	
*	National chain	15-20,000
	Local chain	15-20,000
	Independent	6-12,000
	Hardware	
	National chain	6_7,000
	Local chain	8,000
	Independent	4-5,000
	Appliances	
	National chain	7-8,000
	Local chain	8-12,000
	Independent	3-5,000
	TV/Radio	
	National chain	2,000
	Local chain	2,000
	Independent	1-2,000
	Dry Cleaning	
	National chain	
	Local chain	2,000
	Independent	1-2,000
	Fast Food (1-2 sto	res)
	National chain	1-2,000
	Local chain	1-2,000
	Independent	1-2,000



# A FINANCIAL PROGRAM FOR COMMERCIAL DEVELOPMENT of PARCELS 10 and 10X

Brad Yoneoka Consultant March 1977 Revised

Second Revision 5/23/77



## Financial Program

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## Financial Program

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#### Executive Summary

The financial program makes a number of findings, the most significant of which state:

- (a) \$400k to \$750K is required for the various development options discussed. Developers should expect to invest 1/3 in equity funds with a loan of \$200K to \$550K used to cover remaining costs. A major benefit of this financial structure is internalized control. Total financing of a supermarket only would be lower than the estimates for packages given above;
- (b) Most equity funds should be either straight grant or a below market return on that investment. A low debt service level should be sought. Other funds may be contributed by the developer, State Capital sources such as C.D.F.C, federal sources such as the S.B.A. loan program, a local commercial bank, and prospective commercial tenants;
- (c) A real estate subsidy might be sought as one method of reducing the front end cost of development. Percentage leasing might be considered as a method to redistribute unexpected profitability. Lease period terms should vary according to the drawing power of tenants. A conservative estimate provides modest profitability; and
- (d) After payout, i.e., repayment of costs, profits will be divided among the entrepreneur/owner, the government, and the tenant stores. The community can secure control by providing buyout provisions in initial terms.



### Introduction

As in the case of marketing analyses, traditional financial analyses of real estate tends to focus on a narrow spectrum of the financial mix of the program and the financial mode of analysis.

In order to rectify the inadequacy of traditional analysis, we will attempt to provide a more complete analysis below.

The first part is concerned with the financial mix of the program. This is defined as the capital expenditure program, the capital structure and the re-investment channel. Additionally, the program is defined by the organization, the cost and the timing of its elements.

The second part is concerned with the financial mode of analysis.

This is defined as the definition of the partners, the financial deal and analysis of who wins, who loses, and what the total funds amount to.

These two parts are inter-related by the financial strategy that applies the results of the analysis to the formulation of the program.



#### Construction

At this point of the work on the commercial development complex, only an estimate can be made of the construction costs of the project.

Depending on the size of the complex, construction costs should vary between about \$400K to \$750K. These costs assume total new construction and would be lessened with substitution of rehabilitation of existing buildings.

The key point of construction under central city development is that instead of securing a two-year construction loan to finance the building, we recommend that the developer use its equity upfront to finance as much of the construction as possible. In this case, a construction loan of "only" \$200K to \$550K is required. (Table I)

An alternative to construction debt financing is to provide the additional equity. The benefit is twofold. First, under construction debt financing, the banks would attach stiff prerequisites. The developer must get the AAA tenants to sign the long-term lease first. But these same AAA tenants will most likely require construction to be completed before they sign a contract; perhaps a contingency provision could provide a solution. Second, with equity financing, the developer can provide a contract for a minority construction firm (just as Restoration financed the RDC-CC). Further, with the additional availability of a fair share of contracts for minority construction firms for work on the arterial street and mass transit construction, enough business should be available to establish the minority construction firm.

If a minority construction firm is established, then financing can be secured from the same sources as those for the commercial complex financing. Under the case of the largest construction project, these sources may be strained. But the mortgage "take-out" loan and repayment



of the full capital contribution can be made after several years. This would not be the case under the standard venture investment. Securing of profits of the minority construction firm may have to be pledged against the equity financing in order to make the deal work.



 $\begin{tabular}{ll} \hline \textbf{Table I} \\ \hline \textbf{Estimated Construction Costs} \\ \hline \end{tabular}$ 

	Small	Med	Large
Capital Requirements	\$460K	\$56 <b>0K</b>	\$880K
x Construction Cost Factor (=85%)	\$390K	\$480K	\$750K
Initial Equity	\$200K	\$200K	\$200K
Additional Equity Required to Cover Construction	\$190K	\$280K	\$550K

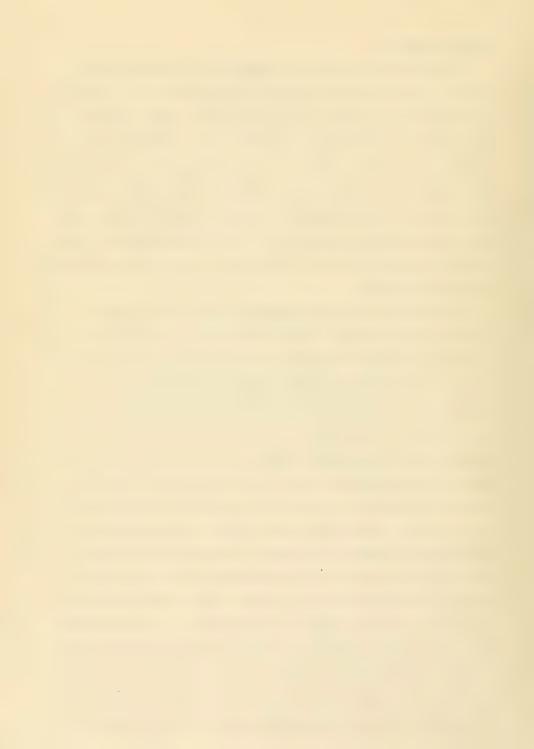
Source: Garn, Harvey A., Nancy L. Tevis, and Carl
E. Snead, Evaluating Community Development
Corporations - A Summary Report, Urban
Institute, Washington, D.C., 1976



### Capital Structure

Three characteristics of the proposed capital structure are noteworthy. First, the majority of equity funds supplied should be either a straight grant requiring no return of funds or an equity investment requiring below market return on investment. This subsidizes the cost of equity substantially. Second, the leverage recommended is intentionally low, at about 1.7:1 to 1:1. This should relieve the burden of substantial debt servicing. Third, a majority of the debt incurred is from a source requiring below market interest rates. This subsidizes the cost of debt, as well as reduces the burden of debt servicing. Let us turn to the proposed capital structure.

The equity funds could come from three sources. First, from a major Foundation. At present, SWCC has explored the possibility of a preliminary commitment of \$500,000 for equity investment from the Foundation. If \$100,000 of these funds can be allocated toward this commercial development, then funds would remain for investment in projects in the rest of the corridor. The second source of equity funds is the newly funded Massachusetts Community Development Finance Corporation (CDFC). We may expect that about \$1.0-1.2 of the initial \$10 million capital of the CDFC will be allocated to projects within the first year of its operation. The developer should be able to at least match the Ford funds with \$100,000 of CDFC funds. This would put the developer in an excellent position to obtain the remaining capital contribution needed. The third source of equity funds is from the stores that would locate in the commercial complex. If a supermarket, a junior department store, and an appliance store were located, then about \$200,000 would be needed. This would match the \$200,000 already obtained, and would place the developer in a good position as a principal owner of each store, and the majority share owner of the shopping center. It must be stressed that



## Table II

# The Initial Capital Structure

Equity Funds:	
Major Foundation grant	\$100K
Mass. Community Finance Development Corp.	\$100K
Chain stores	\$40-180K
Total equity funds	\$240-380K
Debt Funds:	
SBA 502 program	\$200-370K
Local commercial banks (including minority or	\$ 30-180K
community bank participation	1)
Total debt funds (LT)	\$230-550K
Total capitalization	\$470-930K



the proportion of capital funds provided from the sources depends on the final agreement achieved on a deal by deal basis. If there is any change, the most likely would be an increased share from the non-chain sources. No equity funds are expected from the independents. SWCC should, however, encourage investment of local entrepreneurial capital as an incentive to make the secondary businesses work without sacrificing the capital base required for prudent investment in each business.

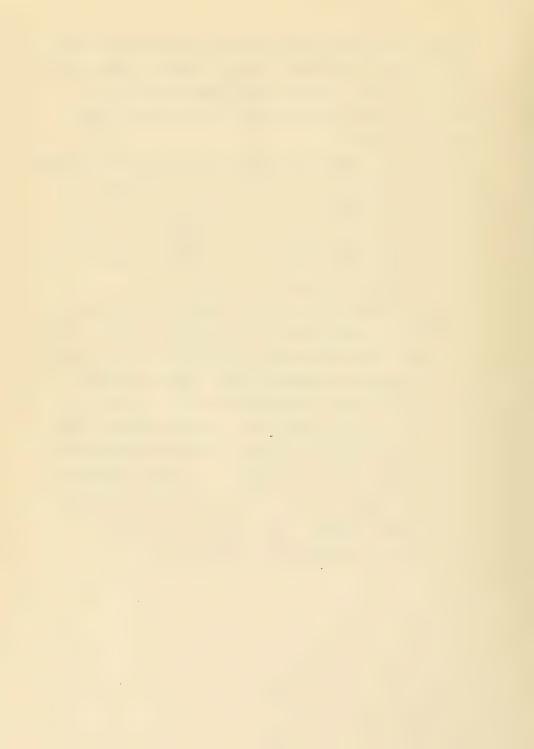
Prior to securing the debt funds, the developer will have to sign up the key anchors of the complex in order to demonstrate the feasibility of the project. The first source of debt funds is the Small Business Administration (SBA) 502 Program. The SBA should be willing to lend to the independents in the secondary stores. If they are all independents, then about \$200-370,000 could be secured. Further, if the third alternative package is selected by the developer, then the SBA may be willing to supply an additional \$150,000 for the junior department store concession. No SBA financing is expected for the chain stores despite the capital contribution by the developer. The second source of debt funds is the local commercial bank, at anywhere from \$30-180,000. These funds would be secured by the chain store based on the credit of the national chain and not on that of the individual store. In this way, the interest rate should be closer to the prime rate with the reduction in risk. In negotiations with the banks, usually 65-70% of the space must be leased to primarily national chains in order to receive financing. With the substantial SBA financing, however, the banks can be pursuaded on this prerequisite. If possible, the loan should not be secured against the property so as to eliminate the possibility of a bank takeover of the stores. in the case of default (as was the case with Hartford's Opportunity Center).



If the land is government owned, a key question arises over what security could be provided to replace that of land in conventional mortgage financing. And if the land is privately owned additional security may be required if the market value of the land is less than that in middle-income areas. (Table II)

The discussion, above, is of long-term debt financing. Short-term financing must be secured from two sources. First, the local commercial bank should supply between \$100-200,000. This money would be expensive, but available after the rest of the financing is secured. Second, trade credit should supply about \$150-250,000. The better established the chain store, the larger the likely share of trade credit.

The cost of capital for the project is substantially below market. If we assume that the major foundation's funds require no return, then the cost is greater for the smaller project, 7.3%, than for the larger project, 5.9%. If we assume that the foundation's funds require the same return as that proposed for the Mass. CDFC, these rates would be 8.1% and 6.4% respectively. By taking current market prices, the capital subsidy is almost a third of the total cost. For foundation funds with no return required, the subsidy is 2.4% and 3.8%, respectively. For foundation funds requiring a 6% return, the subsidy is 1.6% for the smaller project, and 3.3% for the larger project. Therefore, from a financial point of view, it is better to invest in the larger project. (Tables III, IV)



# Table III

## Cost of Capital

source	amount	return required
Major Foundation	\$100K	0-6%
Mass. CDFC	\$100K	6%
Chain(s)	\$40-180K	10%
SBA 502	\$300-470K	7%
Local commercial bank	\$180K	12%
Weighted Average Cost of Capital (a) with O% major investor		
funds (b) with 6% major	investor	7.3%-5.9%
funds	111703001	8.1 -6.4%



# Table IV

## Capital Subsidy

		return
	amount	required
Ecuity funds	\$240-380K	10%
Local commercial bank debt	\$480-650K	9.5%
Weighted Average Cost of Capital	ı	9.7%
Capital Subsidy (a) with (% major	invoctor	
funds		2.4-3.8%
(b) with 6% major funds	investor	1.6-3.3%



### Land Ownership, Percentage Leasing and Profitability

Land ownership accompanying land development in low-income areas is generally not as financially attractive as in middle-income areas. No profits can be made by selling either ownership of a future profitable income stream or tax shelters to wealthy individuals (at least not for commercial development).

Instead, land costs can be subsidized by the transfer of the land at below market costs. Little income can be made during the period of the proposed tax holiday in order to subsidize troublesome operations in the early years. Income can only be made from rent on the land after the end of the tax holiday. This income, in turn, would end with the useful life of the initial project.

In order to capture this income during the middle years, we can use a combination of the share of profits based on the share of capital ownership of the developer and of percentage leasing used conventionally in shopping centers. If a high percentage of stores are not developer owned, then percentage leasing is useful. Assuming the lowest end of the range of percentages for each retail category, percentage leasing could net about \$130,000 per year. This income should last at least five years.

For the anchors of the complex, the developer may have to give up any minimum guaranteed rent. But for the secondary stores, the developer should be able to impose a minimum guaranteed rent. Therefore, the anchors will be protected against low or slow market penetration. The secondary stores will have to pay rent as partial return on stores partially owned by the developer (Tables V, VI).

In the case that all the secondary stores are owned by the developer, then the income from percentage leasing would be only \$5,000 for the supermarket and an additional \$20,000 for the junior department store chain.



Table V

# Percentage Leasing

Retail Category	Per Cent	of Sales
Supermarket	1	1%
Drug Store chain independent	2	K K
Department Store	,	%
(Discount Store	1	%)
Family Apparel	5	\$
Hardware	Δ	%
Appliances	6	<b>4</b> .
Radio/TV	3	<b>%</b>
Fast Food	6	%
Dry Cleaning regular coin operated	6 8	% %
(Parking Lots attendant non-attendant	40 <b>–</b> 50 50 <b>–</b> 60	

Source: Percentage Leasing, National Institute of Real Estate Prokers, National Association of Real Estate Boards, Chicago, 1973



Table VI

Profitability Under Percentage Leasing

Retail Category	Minimum Rent
Supermarket	\$ 0.0 (4.7K)
Drug Store	\$13.7K
Junior Department Store	* 0.0 (19.7K)
Family Apparel	<b>\$14.</b> 5K
Hardware	\$17.6K
Appliances	\$42.6K
Radio/TV	\$ 3.9K
Fast Food	\$12.6K
Dry Cleaning	\$ 3.6K
Total leasing income per annum w.o. anchors	\$108.5K
Total leasing income per annum w. anchors	\$132.9K
Total leasing income per annum from anchors only	\$ 24.4K



Leasing would have no advantage for increasing income from the secondary stores unless the developer is granted some kind of tax exemption.

Percentages should be at the high end of the range possibly increasing by 1-2%.

Finally, percentage leasing agreements should have re-negotiation clauses in order to avoid the possibility of too little income (as in the case of the Restoration Sheffield Center).

Delays in construction and excessive turnover of stores is the major risk of land ownership in a development such as the one described here. Where a phased development scheme is involved, the developer would have to pay carrying charges, the largest of which are the mortgage and any real estate taxes.

There is little likelihood of securing the inclusion of the usual 25% penalty clause for vacancies in view of the possible high turnover of businesses and the scarcity of capital of entrepreneurs.

Long term leases should be used for anchors and short term leases used for secondary stores. For example, the supermarket should have a 20 year lease, the family wear store about a 15 year lease, and the other stores about 5 to 10 year leases. But, consideration must also be given to service needs.

For the junior department concessionary store, rents should be below that of standard rents of shopping centers; these rents can be negotiated. Current market rates indicate that \$3.20/square feet is feasible. (Table VII)



### Table VII

### Initial Concession Rents

Fast Food	\$4.75/so. ft.
Ladies Ready to Wear	\$3.99-4.09
Children's Ready to Wear	<b>\$</b> 3.13-3.77
Men's Ready to Wear	\$4.07
Family Shoe	<b>\$3.15-3.4</b> 0
Furniture	\$2.60
Appliances	\$2.54-3.07
Floor Coverings	\$3.28
Hardware	\$1.98-2.65
Home Improvements	\$3.01-3.78
Paint and Wallpaper	\$3.09-3.50
Garden Shops	\$2.67-3.31
Record and Tapes	\$4.28-4.40
Books and Stationery	<b>\$3.34-4.</b> 30
Tobacco	\$4.81
Drugs	\$2.27-3.37
Sporting Goods	\$3.32-3.62
Credit Jewelry	\$4.37
Cosmetics	\$3.50-4.10
Toys	\$2.84-3.33
Camera	\$3.71-4.07

Source: Dollars & Cents of Shopping
Centers: 1975, Urban Land
Institute, Washington, DC,
1975



### Management and Re-investment

We cannot expect that significant profits will accrue to the developer from this venture despite the cautious optimism expressed in the financial analyses. Most of the profits will be allocated to the chain store, or to the Mass. CDFC (and perhaps to the major foundation investor), and lastly to the developer. If only the supermarket chain store was established, the developer would receive under \$50,000 per year after taxes.

It is recommended that any profits be allocated to a maintenance budget for both the shopping center director/manager and any minor repairs necessary to maintain the shopping center.



### Financial Strategy

The essential financial strategy is to provide the majority of equity funds, from one-half to five-sixths of the total equity required, in order to minimize the loss exposure of the needed anchor chain stores(s). Tied to the securing of a majority of subsidized debt, the overall leverage of the project is comfortably low. On the other hand the leverage of the investment of the chain is comfortably high.

Further, the securing of subsidy of the income of each store makes fast payout of investment possible while land rent expenses as well as debt servicing remains low. Therefore, payout depends primarily on the speed of sales growth and the careful management of variable costs through this initial period of growth. In this way, payout is tied to management performance alone.

After payout is achieved, then profits will be divided among the entrepreneur/owner, the government, and the business to achieve sustained growth.

In effect, it is the relative abundance of capital and subsidy, not the backing of the commercial bank, that is the key attraction for chain store investment (unlike the case for the Bed-Stuy Restoration shopping center with past loans at 1/2% over prime).

With this in mind, then, the key points of bargaining between the SWCC and the entrepreneur are several. First, the final capital share invested by the developer will vary on a deal by deal basis. It may vary anywhere from a low of one-third (as for the Restoration-Pathmark deal, where Restoration put up \$650,000 to Pathmark's \$1.2 million) to two-thirds (as in the Restoration-Lerner deal, Restoration put up \$160,000 to Lerner's tenant allowance of \$75,000) to 100%



for independents. Second, the figure for the percentage leasing will vary and may not be enforceable against the anchor store.

Third, the option to buy out the partner after payout is a bargaining point. It is recommended that for a chain store, securing the option should be tied to continued management and use of the chain store brand name and channels of supply (as is the case of the Restoration/Pathmark deal after the fifth year). If the store is successful, at least five years of profit are likely. Buying out may be profitable if based on a price of fixed assets depreciated on an accelerated basis (as opposed to the usual 22-28 years of depreciation in a conventional shopping center) plus the goodwill of the brand name.

### Who Wins and Who Loses

In the financial deal proposed above, let us examine who wins and who loses both in monetary and non-monetary terms. First, let us look at the City. The City's cost of course, is the loss of its real estate taxes for at least three to five years of initial start-up of the commercial development as well as the several years of construction that removes the existing tax-paying establishments. The latter yields \$24,000 per year on Parcel 10X. (Table V) On the other hand, under years of only partial valuation, Roxbury residents and businessmen have paid far more of full market value than those of other communities (90% versus 50% for some others). Therefore, a real estate tax holiday would be one small way of making up for the last two decades of inequitable real estate tax structures. In addition, this project would be the main development in Roxbury during the third administration of Mayor White. At a time when funds are still scarce for government community development programs, this would be one means of enabling development to occur. That is, it is easier to forego future revenues than to spend



Table VIII

Real Estate Taxes of the Private Property in 10X

Address	Present Owner	Land	Building	Total	Tax
37 Williams St.	High Voltage Engineering	\$15.5K	\$34.4K	\$50 K	\$12,645
17 Williams St.	Christodal George Trusts	9.1	16.3	25.4	6,424
Williams St.	M & C Carribean Enterprises	6.0	-	6.0	1,517
Williams St.	M & C Carribean Enterprises	5.0	-	5.0	1,265
093 Washington St.	City of Boston				
085 Washington St.	Wallace, Charles J.	4.8	3.7	8.5	2,150
	15.				
	TOTALS	\$40.4K	\$54.5K	\$94.9K	\$24,000

Source: Real Property Department, City ofBoston, 1976



present funds. Substantial political credit would accrue to those visible politicians who supported this development through the granting of a tax holiday.

For the State, the cost would be the share of the write-down of the land owned by the State that is transferred or sold to either the developer or to the owners of the stores in the center. This cost must be weighed against the loss of business, jobs and housing not replaced by the state. Unlike the city, the State would likely get its taxes. These corporate income taxes, however, would not be large. And the State would share the political credit with the City in the development of the now cleared land in Roxbury.

For the chain, the cost would be the equity investment required to establish the store. With both a substantial developer equity share and a government subsidy, payback of this investment should be at little risk. And if the project is successful, the chain would get its share of the profits at or near market.

For the merchants, the cost would be any equity investment provided to establish the store. The benefit would be the greater potential to make profits for a longer period of time and to establish a reputation in Roxbury.

For the consumers, the cost would be putting up with the disruption covered by construction and market development timing of the complex. The benefit would be the expanded choice afforded by more goods and services; accompanying benefits might include: lower prices, better quality, more variety, greater convenience and more attendant services.

Finally, for the developer, the cost would include planning, negotiating and staffing. And the benefits would include: possible ownership, development of managerial talent and entreprenerial spirit,



and the credit for a successful development.

#### A Sobering Note

The main staffing decision is whether or not to hire one person specifically to handle this project, (as Franklin Thomas hired Jim Shipp to run the commercial development for the Restoration Development Corporation). The alternative is to hire Jim Shipp and company, with seven years of experience in this type of development, out of New York City. Similarly, the site planning could easily be subcontracted out, for example, to local urban planning college programs. Cost estimates could be secured from prospective subcontractors.

The time and hassles involved in establishing such a project is sobering. For the Restoration complex, the decision was made in 1969 and negotiations started in 1971. The Lerner chain deal took 2-1/2 years to close. The Pathmark chain deal took 3 years; and construction started one year after the end of negotiations. At present, the retail space is 85% occupied (while the office space, housing Rep. Shirley Chisolm's office as well as the Restoration offices, is only 60-65% occupied). None of the stores have reached full operation let alone payout. Full success takes time, if it comes at all!







FINANCIAL FEASIBILITY ANALYSIS OF PARCELS 10 and 10X

DUDLEY SQUARE, ROXBURY, MASSACHUSETTS

Brad Yoneoka Consultant March 1977 <u>Revise</u>d

Second Revision 5/23/77



# Financial Feasibility

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## Financial Feasibility

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## Key to Abbreviations

иKп

means "thousands"

"GLA"

means "gross leaseable area", i.e., the retail area rented for income

generating use

"100's", "800's", and

"9001 s"

means the census tract identification

numbers

11011

means "estimated"



#### Executive Summary

This report examines the feasibility of a financial structure capable of supporting the marketing program alternatives examined elsewhere in this report. Program alternatives discussed require capital contributions varying from \$160,000 to \$380,000 depending on the composition of the package. Bank debt ranges from \$75,000 in short-term to \$375,000 long-term. Trade credit requirements range up to \$250,000.

Examining profitability, the report finds that the supermarket is the strongest store measured in terms of future income stream. The second strongest store is the junior department store followed by the family clothing store.

The payout periods of these stores, (i.e., the time required for profits to cover the initial investment) is found to be too long. A real estate and tax subsidy is proposed to shorten this payout period.

Though transit access customers amount to only 12%, loss of these customers extends the payout period. Thus, transit construction, relocation and improvement disruptions should be minimized. Improved transit access to the proposed location should boost projected sales through increased market share.

Bad debts and theft must be controlled. Prudent policies in these areas can do much to minimize exposure to these risks.



#### Introduction

The subject of this report is the determination of the financial feasibility for commercial development of the package of retail stores defined earlier. This earlier report sought to determine the market feasibility for commercial development in two parcels in the Dudley Scuare Area of Roxbury, Massachusetts.

This market feasibility study defined two alternative packages for development. The first alternative includes: a supermarket, a drug store, a junior department store, a hardware store, a radio/TV store, a dry cleaning store and a fast food store. The second alternative includes: a supermarket, a drug store, a family wear store, a family shoe store, a hardware store, an appliances store, a radio/TV store, a dry cleaning store, and one or two fast food stores.



#### Financing Requirements

The capital requirements of this package are surprisingly moderate. For example, to invest in Alternative I or III assuming that the national chain(s) would agree to tenant the complex, the capital requirement is about \$240,000. To invest in Alternative II assuming that two or three national chains would agree to tenant the supermarket, the family wear store and the appliances store, the capital requirement is about \$205,000. The capital requirements would vary with the composition of the package anywhere from a total of \$160,000 to \$380,000 (Tables I, II).

The bank debt requirements of the package are substantially higher. For example, to finance Alternative I with the chains in the supermarket and the junior department store, the bank debt requirement is about \$525,000. Of this, about \$150,000 is short-term and about \$375,000 is long-term. For Alternative III, the total requirement is the same, but the developer would have to provide only about \$75,000 short-term and about \$225,000 long-term funds. To finance Alternative II, the bank debt required is about \$475,000. Of this, about \$125,000 is short-term and about \$350,000 is long-term. (Table III)

The trade credit requirements of the package are somewhere between those of the venture capital and the bank debt requirements. For example, to finance Alternative I and III, the trade credit requirements on a gross basis is about \$380,000. To finance Alternative I with the same two or three chains above, the trade credit requirements on a gross basis is about \$250,000 (Table IV).



Table I

Total Capital Requirement of the Package

Retail Category	Small	Medium	Large
Supermarket	\$225.7K	\$263.4K	\$366.6K
Drug Store	52.4K	78.1K	117.4K
Junior Department Store	123.2	243.4K	409.5K
Family Clothing	48.7K	114.4K	188.0K
Family Shoe	34.3K	45.6K	58.2K
Hardware	41.6K	70.0K	99.5K
Appliances	40.2K	129.0K	142.9K
Radio,TV	12.8K	23.9K	29.0K
Dry Cleaning	6.4K	12.0K	
Fast Food	17.3K	34.6K	57.6K
Total Net Worth	\$474 <del>-</del>	\$722 <del>-</del>	\$1,058-
	514K	805K	1,222K
Capital = $\frac{14.03}{53.75}$ = 26%	\$123-	\$188-	\$275-
23.12	134K	209K	318K
Capital Reserve	<b>\$</b> 25 <b>-</b>	\$38-	\$55-
(20% of Capital)	26K	42K	64K
Total Capital Required (Maximum)	\$160K	\$250K	\$38 <b>0K</b>

Sources: 1975-76 Annual Statement, Robert Morris
Associates, 1976
Earle, Wendell, Operating Results of Food
Chains 1975-76, Cornell U., 1976
Sher, Jay Financial and Operating Results
of Department and Specialty Stores of 1975
Nat. Retail Merchants Assn, N.Y., 1976



Table II
Sensitivity Analysis on Capital Requirements

	Small	Medium	Large
(1) Capital  Capital  Net Worth	<b>\$73-</b> <b>79</b> K	\$111- 124K	\$163- 189K
7.11 46.06 = 15% Capital Reservable (20% Of Capital Capital Required (10%)	(a1) 16K 	\$22- 25K \$150K	\$33- 38K \$230K
(2) Capital  14.45 74.82 = 1% Capital Reserved	\$92- 99K -ve \$18-	\$139 <del>-</del> 155K \$28-	\$204- 236K
(20% of Capital Total Capital Required(n	(a1) 20K	\$190K	47K \$285K

Sources: 1975-76 Annual Statement, Robert
Morris Associates, 1976
Earle, Wendell, Operating Results
of Food Chains 1975-76, Cornell U.,
1976
Scher, Jay Financial and Operating
Results of Department and Specialty
Stores of 1975, Nat. Retail Merchants
Assn, NY, 1976



#### Table III

# Bank Debt (year 2)

Retail Store S	hort-term	Long-term	Total Bank Debt
Supermarket	\$ 9.9K	\$30.3K	
Drug Store	\$ 7.0-	\$26.2-	
	15.8K	61.1K	
Junior Department Store	\$19.9-	\$29.7-	
	77.0K	153.2K	
Family Clothing	\$11.4-	13.7-	
	34.7K	47.7K	
Family Shoe	\$ 8.4-	\$14.2-	
	14.3K	24.1K	
Hardware	\$ 7.6-	\$14.7-	
**	12.4K	29.8K	
Appliances	\$12.2-	\$18.4-	
	55.4K	120.5K	
Radio, TV	\$ 4.1-	\$ 5.9-	
	9.2K	13.5K	
Dry Cleaning	\$ 1.5-	\$ 7.1-	
	3.0K	13.9K	
Fast Food	\$ 5.2-	\$98.3-	
	17.4K	135.1K	
Total: Alternative I:	\$67-200K	\$231 <b>-</b> 557K	\$298-757K
Alternative II:	\$67-172K	\$229-476K	\$296-648K

Sources: 1975-76 Annual Statement, Robert Morris Associates,

Earle, Wendell, Operating Results of Food Chains 1975-76. Cornell U., 1976

1975-76, Cornell U., 1976
Scher, Jay Financial and Operating Results of
Department and Specialty Store of 1975, Nat.

Retail Merchants Assn, NY, 1976



Table IV

## Trade Credit Required

Retail Store	Accounts Payable	Accounts Receivable	Net Payable
Supermarket	\$111K	\$ 10.1K	\$101.9K
Drug Store	\$30.0-67.2K	\$16.5-37.0K	\$13.5-30.2K
Junior Department	\$39.2-	\$ 39.2-	\$ 0.0-
Store	134.8K	196.0K	(61.2K)
Family Clothing	\$15.6-	\$ 12.5-	\$ 3.1-
	61.9K	57.1K	4.8K
Family Shoe	\$21.1-	\$ 6.3-	\$ 14.8-
	35.7K	10.7K	25.OK
Hardware	\$13.7-	\$ 11.6-	\$ 2.1-
	30.6K	37.1K	( 6.5K)
Appliances	\$12.5-	\$ 17.8-	(\$ 5.3)-
	135.8K	77.4K	58.4K
Radio, TV	\$ 6.2-	\$ 3.9-	\$ 2.3-
	14.1K	8.8K	5.3K
Dry Cleaning	\$ 1.9-	\$ 1.8-	\$ 0.1-
	3.8K	3.6K	0.2K
Fast Food	\$11.0-	\$ 4.2-	\$ 6.8-
	36.6K	13.8K	22.8K
Total: Alternative I & :	II: \$225.5-	\$105.1-	\$121.4-
	533.9K	383.8K	151.1K
Alternative II:	\$223 -	\$ 84.7-	\$139.3-
1111011100110 111	496.7K	255.6K	242.1K
	120010	-,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	

Sources: 1975-76 Annual Statement, Robert Morris Associates, 1976

Earle, Wendell, Operating Results of Food Chains
1975-76, Cornell U., NY, 1976
Scher, Jay Financial and Operating Results of Department and Specialty Stores of 1975, Nat.
Retail Merchants Assn, NY, 1976



#### Profitability

In order to determine the profitability of the commercial packages, we analyzed the three anchor stores: the supermarket, the junior department store (including the concessionary version), and the family wear store.

The supermarket is the strongest store based on its income stream. By our income projections, the supermarket should run into the black by the first year. If we assume a slower rate of market penetration, the supermarket would run into the black by the second year, but it would take another year to reach its full operating level. The most sensitive factor, however, is not rate of market penetration but the growth or decline of sales. If we assume that the store maintains constant market share, and that total sales of supermarkets declines with the decline in population, then profits would be cut into half of full operating levels by year five. Thus, continued sales promotion is crucial to increasing market share through the middle years of the supermarket in order to maintain profits. (Tables V,VI,VII)

The junior department store is the second strongest store based on its income stream. Scale economies prevail, so that the larger national chain store is stronger than the smaller local chain. The larger store runs into the black by the second year. If we assume a slower rate of market penetration, the junior department store would not run into the black until the third year. Again, the most sensitive factor is the growth or decline of sales. Assuming that the store maintains constant market share, and that total sales declines at the rate of a declining population extrapolated, then profits would be cut into half of its full operating levels by year seven. Profits would be minimal by year ten. Thus, continued sales promotion is even more crucial to increasing market share and maintaining profits to the junior department store than to the supermarket. (Tables VIII, IX, X, XI, XIII, XIII)

The story is similar for the local chain store. The smaller store runs into the black by the second year. If we assume a slower rate of market penetration, the junior department store would not run into the black until the third year. If we assume that sales decline at the rate of a declining population, then profits would be cut into half by the sixth year. Profits would be marginal by year ten.



The family clothing store is the third strongest store based on its income stream. The store runs into the black by year two. If we assume a slower rate of market penetration, then the family clothing store would not run at full levels until year three. If we assume that sales decline with a declining trade area population, then profits would be cut into half by year seven. Profits would become marginal by year ten.

Again, continued sales promotion is crucial to increasing market share and maintaining profits of the family clothing store as well. (Tables XIV, XV, XVI)

In order to examine the risk of investment in these stores, the most used index is that of "payout". By this we mean, how long does it take for the profits of the business to "payout" the initial investment? For the supermarket, the payout is about five years or so.

For the junior department store, the payout is about four years and six months for the larger national chain store, and about four years six months for the smaller local chain store. For the family clothing store, the payout is about four years and two months. Thus, for all of the anchor stores, the estimated payout is over four years. (Tables XVII, XVIII, XIX)

This payout period is much too great for a market investment in an inner city area. It is twice as great as prudent investment behavior calls for. Thus, some type of subsidy is required. To estimate the affect of subsidy on payout, we have used the most conventional one for inner-city real estate development, that of a medium term moratorium on real estate taxes and rent. Under this case, the payout for the supermarket drops to two years and three mos. The payout for the junior department store drops to about one year and eight months for the smaller store, and to about one year and eight months for the larger store. The payout for the family clothing store drops to about one year and eight mos. Thus, the real estate subsidy makes the development of the supermarket marginal. The longer life of the supermarket, however, more than compensates for the lesser impact of the real estate subsidy. Thus the supermarket would have a very strong chance of becoming profitable in an acceptable period of time. The real estate subsidy makes the development of the junior department store very feasible. The shorter life of the junior department store makes this subsidy even more important to achieve. The real estate subsidy makes the development of the family clothing store marginal.



shorter life of the family clothing store makes an extension of the real estate subsidy a likely necessity. (Tables XX, XXI, XXII, XXIII)

Therefore, for the feasibility of the supermarket and the junior department store, we recommend securing a real estate subsidy of at least three years, preferably five years. For the feasibility of the family clothing store, we recommend securing a real estate subsidy of at least five years, preferably with an option to extend the subsidy another two or three years if necessary.

Total cost of the real estate subsidy would be about \$90,000 total including about \$20,000 for real estate taxes. This is for Alternative I. For Alternative II, the real estate subsidy would be about \$70,000 including about \$23,000 for real estate taxes.

Corporate taxes are less significant than real estate taxes. For Alternative II, total corporate taxes are about \$55,000. For alternative II, total corporate taxes are about \$40,000. The state share of these corporate taxes is small. (Table XXIV)



Table V

Financial Projections: Supermarkets

A. Income Statement.

Assumptions: (1) two years for market penetration

(2)growth rate of 3.6% after year two

year	1	2	3	.4	5	6	7	8	9	10
Sales	1572K	3144K	3256 <b>K</b>	3374K	3496K	3622K	3752K	388 <b>7</b> K	4027K	4172K
Gross Margin	323	646	669	693	718	744	771	798	827	857
Other Income	15	29	30	31	33	34	35	36	37	39
Gross Income	338	675	699	724	751	778	806	834	864	896
Fixed Cost	64	64	64	64	64	64	64	64	64	64
Variable Cost	268	536	555	575	596	618	640	663	687	711
Total Expenses	332	600	619	639	660	682	704	727	751	775
Profit Bef Tax	6	<b>7</b> 5	80	85	91	96	102	107	113	121
Tax	3	32	35	37	40	42	45	47	50	55
Profit After Ta	x 3	43	45	48	51	54	57	60	63	68

Source: Marion, Donald R. Supermarkets in the City, U. of Mass., Mass., 1976



Table VI

## Financial Projections: Supermarket

A. Income Statement: Sensitivity Analysis
Trade Area Decline

- Assumptions: (1) two years for market penetration
  - (2) decline rate of (4.0%) after year two

year	1	2	3	4	5	6	7	8	9	10
Sales	1572K	3144K	3018K	2898 <b>K</b>	2782K	2670K	2564X	246 <b>1K</b>	236 <b>3</b> K	2268K
Gross Margin	323	646	670	595	571	548	527	505	485	466
Other Income	<b>1</b> 5	27	28	26	25	25	24	23	22	21
Gross Income	338	675	698	622	597	573	551	528	507	487
Fired Cost	64	64	64	64	64	64	64	64	64	64
Variable Cost	268	536	515	494	474	455	437	420	403	387
Total Expense	332	600	579	558	538	519	501	484	497	451
Profit Bef Tax	6	<b>7</b> 5	119	64	59	54	50	44	40	36
Income Tax	3	33	52	28	26	24	22	19	18	16
Profit Aft Tax	: .3	42	67	36	33	30	28	25	22	20

Source: Marion, Donald R. Supermarkets in the City, U. of Mass., Mass., 1976



Table VII
Financial Projections: Supermarket

A. Income Statement: Sensitivity Analysis
Market Penetration

Assumption: three years for market penetration

year	1	_2	3	_4_	_5_	6	7	8	9	10
Sales	1572K	243 <b>9</b> K	3144K	3256K	3374K	3496K	3622 <b>K</b>	3752K	3987K	4027K
Gross Margin	323	501	646	661	693	718	744	771	798	827
Other Income	15	23	29	30	31	33	34	35	36	39
Gross Margin	338	524	675	691	724	751	778	806	834	864
Fixed Cost	64	64	64	64	64	64	64	64	64	64
Variable Cost	268	416	536	555	575	596	618	640	663	687
Total Expense	332	480	600	619	639	660	682	704	727	732
Profit Bef Tax	c 6	44	<b>7</b> 5	72	85	91	96	102	107	132
Income Tax	3	19	33	32	37	40	42	45	47	55
Profit Aft Tax	3	25	42	40	48	51	54	57	60	Δ

Source: Marion, Donald R. Supermarkets in the City, U. of Mass., Mass., 1976



#### Table VIII

## Financial Projections: Junior Department Store

## A. Income Statement: Large

- Assumptions: (1) two years for market penetration
  - (2) growth rate of 3.6% after year two

year	1	2	_3_	_4_	5	6	_7_	8	9	10
Sales	\$983K	\$1966	\$2037	\$2110	\$2186	\$2265	\$2346	\$2431	\$2518	\$2609K
Gross Margin	388	777	805	834	864	895	927	961	995	1031
Other Income	1	2	2	3	3	3	3	3	3	3
Gross Income	389	779	807	837	867	898	930	964	998	1034
Fixed Cost	114	114	114	114	114	114	114	114	114	114
Variable C	306	611	634	656	680	704	730	756	783	811
Gross Exp	420	725	748	770	794	818	844	870	897	925
Profit B Tax	(31)	. 54	59	67	73	80	86	94	101	109
Income Tax		10	26	29	32	35	38	41	44	48
Profit A Tax	(31)	44	33	38	41	45	48	53	57	61

<sup>\*</sup> Note: Losses are carried foward one year.

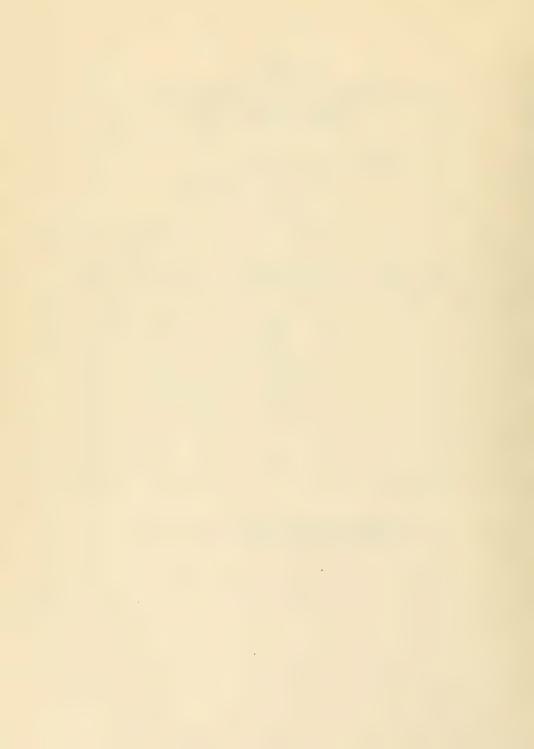


Table IX

#### Financial Projections: Junior Department Store

A. Income Statement: Sensitivity Analysis Market Penetration

- Assumptions: (1) three years for market penetration
  - (2) growth rate of 3.6% after year three

vear	1	2	3	4	_5_	_6	_7_	8	9	10
Sales	\$655K	\$1311	\$1966	\$2037	\$2110	\$2186	\$2265	\$2346	\$2431	\$2518K
Gross Margin	259	518	777	805	832	862	895	927	961	995
Other Income	1	2	2	2	3	3	3	3	3	3
										-
Gross Income	260	519	779	807	835	865	898	930	964	998
Fixed Cost	114	114	114	114	114	114	114	114	114	114
Variable C	204	408	611	634	656	680	704	730	756	783
Gross Exp	318	522	725	748	770	794	818	844	870	897
Profit B Tax	(58)	(2)	54	59	67	73	80	86	94	101
Income Tax	~		+	+ 23 <del>3</del>	29	32	35	38	41	44
	-	-					_			_
Profit A Tax	(58)	( 2)	54	36	38	41	45	48	53	57

<sup>\*</sup> Note: Losses are carried foward 1-2 years.



<u>Table X</u>
Financial Projections: Junior Department Store

A. Income Statement: Sensitivity Analysis
Trade Area Decline

- Assumptions: (1) two years for market penetration
  - (2) decline of 4.0% after year two

year	1	_2_	_3_	_4_	5	6	7	8	9_	10
Sales	\$983K	\$1966	\$1887	\$1812	<b>\$17</b> 39	\$1669	<b>\$1</b> 603	\$1539	\$1477	\$1418K
Gross Margin	388	777	746	716	687	660	634	608	584	560
Other Income	1	2	2	2	2	2	2	2	2	2
						-	-			
Gross Income	389	779	748	718	689	662	636	610	586	562
Fixed Cost	114	114	114	114	114	114	114	114	114	114
Variable C	306	611	587	564	541	519	499	479	459	441
						-		-		
Gross Exp	420	<b>7</b> 25	701	678	655	633	613	593	573	555
Profit B Tax	(31)	54	47	40	34	29	23	17	13	7
Income Tax		6*	21	18	15	13	10	7	6	3
		-					-		-	
Profit A Tax	(31)	48	26	22	19	16	13	10	7	4

<sup>\*</sup> Note: Losses are carried foward 1 year.



Table XI

#### Financial Projections: Junior Department Store

## A. Income Statement: Medium

- Assumptions: (1) two years for market penetration
  - (2) growth rate of 3.6% after year two

year _	1	2	_3_	_4_	_5_	6	_7_	8	9	10
Sales \$	584 <b>K</b>	<b>\$</b> 1168	<b>\$</b> 1210	\$1254	<b>\$</b> 1299	<b>\$</b> 1345	\$1394	\$1444	\$1.496	\$1550K
Gross Margin	231	462	478	498	513	532	551	571	592	613
Other Income	_1	1	2	2	2	2	2	2	2	2
Gross Income	232	463	480	500	515	534	553	573	594	615
Fixed Cost	68	68	68	68	68	68	68	68	68	68
Variable Cost	181	363	376	390	404	418	434	449	465	482
Gross Expense	249	431	444	458	472	486	502	517	533	550
Profit Bef Tx	(17)	32	35	42	43	48	51	56	61	65
Tax		. 7+	15	17	19	21	22	25	27	29
Profit Aft Ta	x(17)	25	20	25	24	27	29	31	34	36

<sup>\*</sup> Note: Losses are carried foward 1 year.



Table XII

#### Financial Projections: Junior Department Store

A. Income Statement: Sensitivity Analysis
Market Penetration

- Assumptions: (1) three years for market penetration
  - (2) growth rate of 3.6% after year three

year _	1	2	_3_	_4_	_5_	6	7	8	9	10
Sales	\$38 <b>9K</b>	\$779	\$1168	\$1210	\$1254	\$1299	\$1345	\$1394	<b>\$</b> 1444	\$1496
Gross Margin	154	308	462	478	498	513	532	551	571	592
Other Income	1	1	1	1	2	2	2	2	2	2
							*******			
Gross Income	155	309	463	479	500	515	534	553	573	594
Fixed Cost	68	68	68	68	68	68	68	68	68	68
Variable Cost	t121	242	363	376	390	404	418	434	449	465
				-					-	
Gross Expen	189	310	431	444	458	472	486	502	517	533
Profit B Tax	(34)	(1)	32	35	42	43	48	51	56	61
Income Tax		,	. 4	14	18	19	21	22	25	27
		-								
Profit A Tax	(34)	(1)	32	21	24	24	27	29	31	34

<sup>\*</sup> Note: Losses are carried foward 1-2 years.



#### Table XIII

#### Financial Projections: Junior Department Store

A. Income Statement: Sensitivity Analysis
Trade Area Decline

- Assumptions: (1) two years for market penetration
  - (2) decline of 4.0% after year two

year	1	_2	_3_	_4_	_5_	6	7	8	9	10
Sales	\$584K	\$1168	\$1121	\$1070	\$1033	<b>\$</b> 992	<b>\$</b> 952	\$914	\$878	\$843K
Gross Margin	231	462	443	423	408	392	376	361	347	331
Other Income	1	1	1	1	1	1	1	1	1	1
Gross Income	232	463	444	424	409	393	377	362	348	332
Fixed Cost	68	68	68	68	68	68	68	68	68	68
Variable Cos	t182	363	349	333	322	301	296	285	273	262
Gross Exp	250	431	417	401	390	377	364	353	341	330
Profit B Tax	(18)	32	27	23	19	16	13	9	7	2
Income Tax		69	12	10	8	7	6	4	3	1
Profit A Tax	(18)	26	15	13	11	9	7	5	4.	1

<sup>\*</sup> Note: Losses are carried foward 1 year.



#### Table XIV

#### Financial Projections: Family Clothing

#### A. Income Statement

Assumptions: (1) two years for market penetration

(2) growth rate of 3.6% after year two

year	1	2	3	4	_5_	6	_7_	_8_	9	10_
Sales	\$432K	\$867K	\$898K	\$931K	\$964K	\$999K	\$1035	\$1072	\$1111	\$1151K
Gross Margin	164	330	343	355	368	381	395	409	424	439
Other Income	3	5	6	6	6	6	7	7	7	7
					-					-
Gross Income	167	335	349	361	374	387	402	416	431	446
Fixed Cost	43	43	43	43	43	43	43	43	43	43
Variable C	132	266	275	286	296	306	317	329	341	353
		-								
Gross Exp	175	309	318	329	339	349	360	372	384	396
Profit B Tax	(8)	26	31	32	35	38	42	44	47	50
Income Tax		8*	14	14	15	17	18	19	21:	2 <u>2</u>
Profit A Tax	(8)	18	17	18	20	21	24	25	26	28

Sources: 1975-76 Annual Statement, Robert Morris
Associates, 1976
Scher, Jay Financial and Operating Results
of Department and Specialty Stores of 1975
Nat. Retail Merchant Assn, NY, 1976

<sup>\*</sup> Note: Losses are carried foward 1 year



Table XV

#### Financial Projections: Family Clothing

A. Income Statement: Sensitivity Analysis Market Penetration

- Assumptions: (1) three years for market penetration
  - (2) growth rate of 3.6% after year three

year	1	2	_3_	_4_	_5_	6	7	8	9	10
Sales	\$289K	\$578K	\$867K	\$898K	\$931K	<b>\$9</b> 64K	\$999K	\$1035	\$1072	\$1111K
Gross Margin	110	220	330	343	355	368	381	395	409	424
Other Income	2	4	5	6	6	6	6	7	7	7
		-	-			-				
Gross Income	112	224	335	349	361	374	387	402	416	431
Fixed Cost	43	43	43	43	43	43	43	43	43	43
Variable C	89	177	266	275	286	296	306	317	329	341
					-	-				
Total Exp	132	220	309	318	329	339	349	360	372	384
Profit B Tax	(20)	4	26	31	32	35	38	42	44	47
Income Tax		*	4*	14	14	15	17	1,8	19	51
							-	_		*******
Profit A Tax	(20)	4	22	17	18	20	21	24	25	26

Sources: 1975-76 Annual Statement, Robert Morris Associates, 1976 Scher, Jay Financial and Operating Results of Department and Specialty Stores of 1975 Nat. Retail Merchants Assn. NY, 1976

<sup>\*</sup> Note: Losses are carried foward 1-2 years.



#### Table XVI

## Financial Projections: Family Clothing

A. Income Statement: Sensitivity Analysis
Trade Area Decline

- Assumptions: (1) two years for market penetration
  - (2) decline of 4.0% after year two

,vear	1	2	_3_	4	_5_	6	7	8	9	10
Sales	\$432K	\$867K	\$832K	\$799K	\$767K	\$736K	\$707K	\$679K	\$652K	\$625K
Gross Margin	164	330	318	305	293	281	270	259	249	239
Other Income	3	5	5	5	5	5	4	4	4	4
						-				
Gross Income	167	335	323	310	298	286	274	263	253	243
Fixed Cost	43	43	43	43	43	43	43	43	43	43
Variable C	132	266	2 <b>5</b> 5	245	235	226	217	208	200	192
Gross Expens	e175	309	298	288	278	269	260	251	243	235
Profit B Tax	(8)	26	25	22	20	17	14	12	10	7
Income Tax		8 <del>*</del>	11	10	9	7	6	5	4	3
			_			_				
Profit A Tax	(8)	18	14	12	11	10	8	7	6	4

Sources: 1975-76 Annual Statement, Robert Morris
Associates, 1976
Scher, Jay Financial and Operating Results
of Department and Specialty Stores of 1975
Nat. Retail Merchants Assn, NY, 1976

<sup>\*</sup> Note: Losses are carried foward 1 year.



## Table XVII

# Payout of Supermarket

year 1 2 3 4 5
Profit After Tax \$3K, \$43K \$45K \$48K \$51K

Initial Investment: \$190K

Payout Period: 5 years



#### Table XVIII

## Payout of Junior Department Store

Medium:

year 1 2 3 4 5

Profit After Tax (\$17K) \$25K \$20K \$25K \$24K

Initial Investment: \$65K

Payout Period: 4 years 6 months

Large:

year 1 2 3 4 5

Profit After Tax (\$31K) \$44K \$33K \$38K \$41K

Initial Investment: \$105K

Payout Period: 4 Years 6 months



## Table XIX

# Payout of Family Clothing Store

year <u>1 2 3 4 5</u>

Profit After Tax (\$8) \$18K \$17K \$18K \$20K

Investment: \$50K

Payout Period: 4 years 2 months



Table XX

# Effect of Real Estate Subsidy: Supermarket

,vea <b>r</b>	_1_	2	3	4	_5_
Profit After Tax	,\$3K	\$43K	\$45K	\$48K	\$51K
Rent, Property Tax Subsidy	41	41	41	41	41
Profit With Subsidy	<b>\$</b> 44K	\$84K	\$86K	\$89K	\$92K

Payout: 2 years 3 months

Impact on Income:  $\frac{\$41K}{\$43K} = \frac{95\%}{}$ 

Source: Marion, Donald R. Supermarkets in the City, U. of Mass., 1976



Table XXI

# Effect of Real Estate Subsidy: Junior Department Store (Medium)

year	1	_ 2	3	4	5
Profit After Tax	(\$17K)	\$25.K	\$20.K	\$25K	\$24K
Rent Subsidy	38	38	38	38	38
Profit With Subsidy	\$21	<b>\$</b> 63	<b>\$</b> 58	<b>\$</b> 63	\$62K

Payout: 1 year 8 months

Impact on Income: 
$$\frac{$38K}{(year 3)} = 190\%$$

Source: Scher, Jay Financial and Operating Results
of Department and Specialty Stores of 1975
Nat. Retail Merchant Assn, NY, 1976



Table XXII

# Effect of Real Estate Subsidy: Junior Department Store (Large)

year	1	2	_3_	4	_5_
Profit After Tax	(\$31K)	\$44K	\$33K	\$3.8K	\$414K
Rent Subsidy	64	64	64	64	64
Profit With Subsidy	\$33:K	\$108X	97K	10.2	105K

Payout: 1 year 8 months

Impact on Income: \$64K = 145%

Source: Scher, Jay Financial and Operating Results of Department and Specialty Stores of 1975
Nat. Retail Merchants Assn, NY, 1976



Table XXII

# Effect of Real Estate Subsidy: Family Clothing

year	1_	2	3	4	5_
Profit After Tax	(\$8K)	\$18K	\$17K	\$18K	\$20K
Rent, Property Tax Subsidy	27	27	27	27	27
Profit With Subsidy	\$19K	\$45K	\$44K	\$45.K	\$47K

Payout:

1 years 8 months

Impact on Income:  $\frac{$27K}{$18K}$  = 15%

Source: 1975-76 Annual Statement, Robert Morris Associates, 1976



# Table XXIV

### Taxes Paid

(year 2)

Retail Store	Corporate Tax
Supermarket	\$28K
Drug Store	\$2.3-5.3K
Junior Department	
Store	\$4.0-26.0K
Family Clothing	\$3.7-10.4K
Family Shoe	\$0.7- 2.3K
Hardware	\$1.4- 6.1K
Appliances	\$1.1- 5.3K
Radio, TV	\$0.6- 1.4K
Dry Cleaning	\$0.2- 0.4K
Fast Foods	\$0.6- 1.9K
Total:	
Alternative I:	\$38.2 <b>-7</b> 4.4K
Alternative II:	\$38.6-61.1X

Sources: 1975-76 Annual Statement, Robert
Morris Associates, 1976
Earle, Wendell Operating Results
of Food Chains 1975-76, Cornell
U., 1976
Scher, Jay Financial and Operating
Results of Department and Specialty
Stores of 1975, Nat. Retail
Merchants Assn, NY, 1976



#### Table XXIV

### Taxes Paid

(year 2)

Retail Store	Corporate Tax
Supermarket	\$28K
Drug Store	\$2.3-5.3K
Junior Department	
Store	\$4.0-26.0K
Family Clothing	\$3.7-10.4K
Family Shoe	\$0.7- 2.3K
Hardware	\$1.4- 6.1K
Appliances	\$1.1- 5.3K
Radio, TV	\$0.6- 1.4K
Dry Cleaning	\$0.2- 0.4K
Fast Foods	\$0.6- 1.9K
Total:	
Alternative I:	\$38.2 <b>-7</b> 4.4K
Alternative II:	\$38.6-61.1K

Sources: 1975-76 Annual Statement, Robert
Morris Associates, 1976
Earle, Wendell Operating Results
of Food Chains 1975-76, Cornell
U., 1976
Scher, Jay Financial and Operating
Results of Department and Specialty
Stores of 1975, Nat. Retail
Merchants Assn, NY, 1976



#### Transit Reliance

Transportation behavior of shoppers can be derived based on the Special Mobility Study, Circle Development Corporation, 1972. This consumer survey researched primarily supermarket shopping. Based on this survey, we estimate that between 9 and 14% of supermarket shoppers use mass transit to shop. (Table XXV)

If we assume that the Dudley Square Terminal is shut down or the Washington Elevated Line discontinued, then the supermarket would still break even by year two. Payout, however, would be extended to an unacceptable period of about six years and two months. Certainly, the dismantling of the Washington Elevated structure during the early years of the supermarket would extend the payout period even further. Therefore, given the marginal feasibility of the supermarket, and therefore, of the whole commercial project, the Washington Elevated service should not be discontinued. Nor should the Washington Elevated structure be dismantled during the operating years of the supermarket in the case that adequate replacement bus service is not supplied. (TablesXXVI: XXVII)

If we assume rather optimistically that the new Dudley Square replacement spur is constructed and in operation by year seven, say, then profits would jump up to 120% of that forecasted for year seven. This could extend the profitable life of the supermarket, and therefore, of the commercial project. Of course, disruption caused by the construction of such a spur would have to be minimized. And for the new mass transit spur to have any affect on the commercial project, construction must be complete by year nine without any real estate subsidy. (Table XXVIII)



#### Table XXV

# Transit Impact on Shopping

A. Transit Reliance

B. Bus Reliance

Bus Bus Patron
Share all = 
$$\frac{\text{Sales}}{120\text{K}}$$

Blair's  $\frac{1}{2}$ -  $\frac{2}{3}$  =  $\frac{420-560\text{K}}{2}$ 

Total bus sales per an \$540-680K

bus reliance = 
$$\frac{\$540-680\text{K}}{\$3200\text{K}} = \frac{16-21\%}{16-21\%}$$

C. Mass Transit Reliance

mass transit reliance = 
$$\frac{$280-420K}{$3200K} = \frac{9-14\%}{}$$

Source: The Special Mobility Study, Circle Development Corp., Mass., 1972



# Table XXVI

# Payout of Supermarket

Sensitivity Analysis: Mass Transit Removed

year 1 2 3 4 5 6 7 8 9 10

Profit A Tax (\$29) \$47K \$38K \$40K \$43K \$46K \$39K \$40K \$43K \$46K

Initial Investment: \$1'90K

Payout Period: 6 years 2 months



#### Table XXVII

# Financial Projections: Supermarket

A. Income Statement: Sensitivity Analysis
Mass Transit Taken Out

- Assumptions: (1) mass transit sales 9% of total sales
  - (2) mass transit removed before year 1

year _	1	2	3	4	_5_	6	7	8	_9_	
Sales \$	1431	\$2861	\$2963	\$3070	\$3181	\$3296	\$3414	\$3537	\$3665	\$379 <b>7</b> K
Gross Margin	293	588	609	631	653	677	702	726	<b>7</b> 53	780
Other Income	14	26	27	28	30	31	32	33	34	35
Gross Income	279	614	636	659	683	708	734	759	7,27	815
Fixed Cost	64	64	64	64	64	64	64	64	64	64
Variable Cost	244	488	505	523	542	562	582	603	625	647
					-					
Gross Expense	308	552	569	58 <b>7</b>	606	626	646	667	689	711
Profit B Tax	(29)	62	67	72	77	82	88	92	98	104
Income Tax		15+	29	32	34	36	39	40	43	46
Profit A Tax	(29)	47	38	40	43	46	49	52	55	58

Source: Marion, Donald R. Supermarkets in the City, U. of Mass., Mass., 1976

<sup>\*</sup> Note: Losses are carried foward 1 year.



## Table XXVIII

# Financial Projections: Supermarket

A. Income Statement: Sensitivity Analysis Mass Transit Added

- I. Low Reliance Assumptions: (1) mass transit sales 9% of total sales
  - (2) mass transit completed by year 7

year	_11	_2	_3_	_4_	5	6	7	8	9	10
Sales	1572K	3144K	3256K	3374K	3496K	3622K	4123K	4271K	4425K	4585K
Gross Margin	323	646	669	693	718	744	847	877	909	942
Other Income	15	29	30	31	33	34	38	40	41	43
Gross Income	338	675	699	724	751	778	885	91.7	950	985
Fixed Cost	64	64	64	64	64	64	64	64	64	64
Variable Cost	268	536	555	575	596	618	703	728	754	782
Total Expense	332	600	619	639	660	682	767	792	818	826
Profit Bef Ta	<b>x</b> 6	<b>7</b> 5	80	85	91	96	118	125	132	159
Income Tax	3	33	35	3.7	40	42	52	55	58	70
Profit Aft Ta	<b>x</b> 3	42	45	48	51	54	66	70	74	89



- II. Figh Reliance Assumptions: (1) mass transit sales 14% of total sales
  - (2) mass transit completed by year 7

year	1	2	3	4	_5_	6	7	8	9	10
Sales	1572K	3144K	3256K	3374K	3496K	3622K	4362K	4520K	4683K	4851K
Gross Margin	323	646	1669	693	718	744	896	928	962	996
Other Income	15	29	30	3 <b>1</b>	33	34	41	42	44	44
Gross Margin	338	675	699	724	751	778	937	970	1006	1041
Fixed Cost	64	64	64	64	64	64	64	64	64	64
Variable Cost	268	536	555	575	596	618	744	771	798	827
Total Expense	332	600	619	639	660	682	808	835	862	891
Profit Bef Tax	: 6	75	80	85	91	96	129	135	144	150
Income Tax	3	33	35	3.7	40	42	57	59	63	66
Profit Aft Tax	: 3	42	45	48	51	54	72	<b>7</b> 6	81	84

Source: Marion, Donald R. Supermarkets in the City U. of Mass., Nass., 1976



#### Special Risks of Operation

Two crucial risks of operation of the commercial project are those of losses from bad debts and of theft.

Risk of bad debts is greatest for the junior department store. The credit policy of the supermarket is most prudently limited to the cashing of welfare checks, the acceptance of food stamps, and the cashing of salary checks from established businesses and government agencies. Thus, risk of bad checks is limited. The credit policy of the family clothing store is most likely that of no credit. The family clothing store is probably too small to carry on a credit operation. The junior department store, however, may expand its credit policy to the acceptance of credit cards and personal checks. In fact, credit sales can be as high as 45% of total sales. Fortunately, the impact of bad checks is not large, limited to around \$1000. The greatest loss is due to uncollected accounts receivable. Therefore, the junior department store management must maintain a capable collections department. Total exposure is at most \$14,000. (Table XXIX)

Risk of theft is very great. For Alternative I, the supermarket and the junior department store would have about \$650,000 in cash and inventory on hand. For Alternative II, the supermarket and family clothing store would have about \$440,000 in cash and inventory on hand. Therefore, security is crucial to maintaining profitability. (Table XXX)



#### Table XXIX

#### Losses from Bad Debts:

# Junior Department Store

	Medium	Large
Uncollected Accounts		
Receivable	\$3.0-7.6K	\$5.0-12.8K
Bad Checks	\$.2563K	\$0.4- 1.1K
Fraudulent Purchases	\$.0207K	\$0.1- 0.1K
Total Bad Debt	\$3.3-8.3K	\$5.5-14.0K

Source: Scher, Jay Financial and Operating Results of Department and Specialty Stores of 1975, Nat. Retail Merchants Assn, NY, 1976



Table XXX

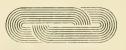
Exposure to Theft

Retail Sto	re	Cash	Inventory	Total	Exposure
Supermarke	t	\$57.2K	\$161.8K		
Drug Store		\$ 9.9-	\$ 72.8-		
		22.1K	163.3K		
Junior Depa	artment	\$25.7-	\$128.4-		
Store		49.9K	387.6K		
Family Clot	thing	\$ 9.0-	\$66.1-		
		31.7K	186.9K		
Family Shoe	•	\$ 8.4-	\$56.1-		
		14.3K	95.0K		
Hardware		\$7.4-	\$49.6-		
		15.5K	94.4K		
Appliance		<b>\$9.1</b> -	\$42.2-		
		52.1K	222.3K		
Radio, TV		\$4.1-	\$14.6-		
		9.3K	33.0K		
Dry Cleanir	ıg	\$1.6-	\$ 3.3-		
99 I 99 A		3.2K	6.6K		
Fast Food		\$9.4-	\$ 5.6-		
		30.7K	18.7K		
Total: Alte	rnative I:	\$124-240K	\$478-1088K	\$603-	-1368K
Alte	rnativeII:	\$116-236K	\$472- 982K	\$588-	-1218K

Sources: 1975-76 Annual Statement, Robert Morris Assoc, 1976
Earle, Wendell Operating Results of Food Chains
1975-76, Cornell U., NY, 1976
Scher, Jay Financial and Operating Results of
Department and Specialty Stores of 1975, Nat.
Retail Merchants Assn., NY, 1976



# SWCC Southwest Corridor Land Development Coalition, Inc. 27 Dudley Street Roxbury, Massachusetts 02119 (617) 427-0035



May 18, 1977

Land Use Preferences in the Southwest Corridor

#### Introduction

As part of this study, a land use primer was drafted (See Appendices under "A Land Use Controls Primer") and used as a tool with which to educate the Roxbury and Jamaica Plain communities about land use controls mechanisms which might be of assistance in achieving some of their goals. More specifically, the primer covers mostly non-conventional land use controls many of which were not a part of early zoning controls. It was felt that residents were familiar with the more traditional mechanisms.

Following are brief summaries of land use concerns which grew out of discussions held with members of a SWCC temporary committee on land use. Members of the committee were volunteers whose participation was solicited by SWCC staff at one of our regular meetings. The Committee acted as a "sounding board" and made many suggestions that were incorporated in the primer. The primer will be made available to residents so as to hopefully increase their awareness of land use management and to further citizen participation in land use decisions in the Southwest Corridor.

# Summary of Findings: Roxbury

In Roxbury, committee members focused on the need to "do something" about the fires and the resulting burn-out buildings which aggrevate an already bad situation with respect to available and affordable rental housing. It was stated that there is little rationalization to the housing conditions in that "pockets of blight" are wide spread. Additionally, the inactive and extensive store front commercial buildings spread along Washington Street and Blue Hill Avenue, to name only two



major problem areas, should be rationalized. More information with respect to current "live-in" owners is needed. Members believed that the absentee landlord status of many of the buildings was, in part, responsible for the buildings' poor condition. Land speculation and redlining were believed to be major contributors to blight.

The most immediate needs for services were believed to be: (a) a good restaurant and (b) a supermarket. (Note that J & S Caterers has recently opened a restaurant on Warren Avenue where the O's Restaurant used to be. And a supermarket is the subject of this feasibility study.) Also there was mention of the need for a family shoe store.

Committee members expressed a need to upgrade social services, both municipal and private, so as to attract middle-income individuals who might upgrade some of the housing which is beyond the financial means of some current residents.

Concerns outside of the Corridor include:comments indicating concern over the condition and nebulous future of Blue Hill Avenue and a proposed Mayoral Commission on the subject, needed upgrading of the Franklin Park Zoo front entrance, concern over remarks made by Stewart Forbes of the BRA which were interpreted by some to mean that the area from Blue Hill Avenue to the Midlands RR tracks and beyond would be the candidate for benign neglect and that security in commercial areas might be improved.

Finally, with respect to replacement service transit, Committee members believed that a fixed-rail-type system was the minimum that the community would support because of the strong commitment to the areas future that this type of transit would provide.



#### Summary of Findings: Jamaica Plain

Jamaica Plain residents on the SWCC temporary committee on land use indicated the following concerns and needs with respect to land use in Jamaica Plain neighborhoods near the Southwest Corridor:

- (a) there is a need for "passive" open space recreation, such as a continuous bike path and green spaces serving the elderly population;
- (b) within or near the planned Orange Line stations in Jamaica Plain, there might be located a laundromat, a bakery, a cleaners and a shoe repair shop; at the Forest Hills station, specifically, a movie theatre is desirable:
- (c) with respect to housing, a major concern is that new development might exceed acceptable density; in Jamaica Plain, more than four stories in a multi-family structure "is big"; also a need was expressed for apartments for young adults starting families and housing for the poor other than in traditional "projects";
- (d) Egleston was thought to be the area in Jamaica Plain most in need of assistance;
- (e) at present, most committee members believed Jamaica Plain residents shop mostly at the American Legion Highway shopping center;
- (f) vacant lots were perceived as less of a problem in Jamaica

  Plain than in Roxbury both with respect to location and condition;
- (g) other comments included: a need for a few "tot lots" in Jamaica Plain; a need to control the use of sidewalks and adjacent streets by businesses in the area; needed designation of efficient truck routes including street direction signs; lastly, with respect to commercial needs, a restaurant with moderate prices and a plant and flower nursery and garden supply shop







APPENDIX A



Appendix A

A Land Use Controls Primer



## INDEX

## Land Use Controls And Institutional Considerations

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Considerations of Land Use: An Introduction

The Southwest Corridor Orange Line Relocation Project, broadly speaking, is a land use and land development project. The major substantive element of the plan is the provision of a transportation network. This direct government action may create, with assistance, an environment encouraging to inner-city as well as regional redevelopment hopes. Thus, in addition to the transportation system, the built environment might be improved.

Maximization of development possibilities will require a total or comprehensive approach. Proceeding in this way, we might move toward a balanced environment. By balanced, we mean that a process must be implemented which examines the alternatives, weighs the impacts and offers solutions which represent ecomonic and social efficiency.

The ultimate purpose of this community enterprise project is, through case studies, to complete the first phase of implementation of two projects which are receiving serious consideration for location in the Southwest Corridor. A pro forma level of business analysis is in progress and will provide a substantial amount of data on which to judge the profitability of the enterprises. These case studies examine the feasibility of a supermarket at Parcel 10 and the location of paid recreation within an open space system in the Corridor.

The pro forma business analysis satisfies many of the private market needs but does not serve public needs as well. Public examination requires a process which measure projected performance differently; the difference is one of kind rather than of degree. Moreover, the variety of



interests which need be satisfied almost guarantee controversy. The matters can only be appropriately accessed within a framework the fairness of which is apparent. This requirement is a vigorous one; seldom, if ever, achieved, a reasonable compromise at least moves in the direction of the stated goal.

There is general agreement that land use controls, properly implemented, "move" in the right direction. This section of the report examines land use controls and provides a "briefing paper" level of discussion consistent with the intended use of this report as a "working document." An extensive bibliography provides a guide to anyone wishing a research level capability and facility with these land use controls.



Land Use Controls: Overview

In Boston, land use controls consist principally of zoning and building code regulations; less important are land area designations of "planned development areas" and "urban renewal areas".

Boston has had extensive experience with large scale public developments, through the Urban Renewal and Model Cities programs. In addition to public construction under these programs, significant private development took place. This activity should have prepared the development authority to consider the range of land use controls discussed here.

Like the northeast United States and the Commonwealth of Massachusetts, Boston is not a major population growth center; but like the region and the State, however, there are strong growth areas in the City of Boston, e.g., Back Bay, (e.g., Prudential and related development), South End (e.g., urban renewal and model cities development) and West End (e.g., urban renewal). Much of the Southwest Corridor, due to its location, housing stock and variable topography has potential as a strong growth area. Hence, growth management controls are considered in this report. Another reason for their consideration is the desire by the community to maintain what remains of the quality of life style which origionally drew them to their neighborhood. This aspect of land use considerations is most frequently vocalized in Jamaica Plain.

In examining growth management controls for this study, there is some question whether the justifications used in less developed suburban areas are applicable to Boston. For example, growth timing and sequencing is usually supported by arguments that public facilities are not capable of the capacity required by the suggested use. The population decline has

 $<sup>\</sup>frac{1}{}''$ Zoning Procedures - City of Boston" a publication of the BRA, June, 1971, p. 12.



left Boston with a surplus of overall capacity in its sewer and other utility facilities.\* Though it might be legitimate to argue a cutback to a density below historical levels, strain on principal facilities as a justification for limiting growth is not feasible. Reasoning based on fiscal burdens do not, by themselves, have much legal support. Moreover, land use controls that reflect actual fiscal interests are different to develop and implement; fiscally efficient zoning ordinances are rare.

Nonetheless, few traditional legal arguments can be made in attacking the City's implementation of such controls since exclusion is an unsupportable claim and monetary loss as a claim is not, by itself, usually sufficient. Therefore, the controls may be allowable because few plaintiffs can satisfy the burden of going forward, i.e., satisfying the court that they are "aggrieved" and should therefore be allowed to sue. Thus, the City with the assistance of the State is in the position to use broad discretion and move decisively to implement a land use plan which might encourage and assist redevelopment of the Southwest Corridor.

A discussion of land use controls appears as a part of this report because any development feasibility analysis must be sensitive to a land use environment. This environment can and should assist development.

The report also contains notes and discussions of strategy for implementation since either the developer or the community or both may seek government implementation.

Land use has always been and continues to be the central issue of Southwest Corridor residents. This report will attempt to suggest the land use environment which a developer of Southwest Corridor land might face.

However, the adequacy of the facilities is uneven; also worn out facilities require replacement which presents a new opportunity to look at the growth question.

<sup>&</sup>quot;Fiscal Zoning, Fiscal Reform, and Exclusionary Land Use Controls" by Franklin J. James, Jr., with Oliver Duane Windsor, Journal of the American Institute of Planners. April 1976 Vol. 42 No. 2 p. 138



#### Statutory Authority

The statutory grant authorizing land use controls in the Commonwealth of Massachusetts can be found in Mass. General Laws Annotated. The general grant of authority, together with the provisions allowing the use of eminent domain authority for the public condemnation (and "taking") with comdemnation of blighted urban areas, along with Federal and State law authorizing air rights development over highways, provide a good base for local jurisdictions covered by these laws to make use of a broad array of land use controls.

All of the land use controls discussed here should be allowable under the general statutory grants. However, interim land use controls have not been consistently upheld by state courts; an amendment passed by the State legislature specifically authorizing interim controls would be the best approach to interim controls implementation.

<sup>3/</sup> Mass. General Laws Annotated, C. 40 § 21, et seq., as amended.

Mass. General Laws Annotated, C. 121A § 1, as amended (Urban Redevelopment Corps.).

 $<sup>\</sup>frac{5}{23}$  USCA § 111, as amended (United States Code Annotated).

<sup>6/</sup>Mass. General Laws Annotated, C. 81, § 7L, as amended. Also see MGLA, C. 81, § 1-15A, referring to air rights use authority for leasing air rights over the Massachusetts Turnpike.

Freilich, "Interim Development Controls: Essential Tools for Implementing Flexible Planning and Zoning," 49 <u>Journal of Urban Law</u> 65 (1971).



Jurisdictional Authority

The land area considered here lies within the boundaries of the city of Boston. These controls are applicable to areas outside Boston.

Boston, however, is different enough that the more suburban land use context of other Southwest Corridor communities ought to be considered before controls are implemented.

The lead land use planning agency for Boston is the Boston Redevelopment Authority. Additional authority rests with the city's Zoning Commission Board of Appeal and Building Department. The Zoning Commission "has the power to adopt and amend the Zoning Code". The Board of Appeal "hears appeals related to the Zoning Code and the Building Code"; appeals  $\frac{9}{2}$  must be filed within 45 days of the date of initial refusal.

The BRA is responsible for keeping all land use actions consistent with the Zoning Code. The BRA staff advises the Board of Appeal and other agencies with land use authority which operate within the city limits of Boston.

Note that the BRA has recently undergone some reorganization; and like other City departments, personnel has been cut. The effect of these changes on the City's ability to handle land use matters are not known. Though the Mayor has made "across the board" budget cuts of City personnel, consideration of exceptions might subsequently be given to agencies, like the BRA, which may need to retain a capacity for responding to the needs of

<sup>8/</sup>See "Zoning Procedures - City of Boston", a publication of the BRA; copies available through the Planning Department Offices, New City Hall, Room 900, Boston 02201(722-4300).

<sup>9/</sup> Ibid., BRA., p. 3.



a special project such as the Southwest Corridor Relocation Project.

Potential revenue coming to the City which is generated by the project should be adequate justification for personnel expenditures now.



- E. Specific Land Use Controls: Interim and Permanent
- 1. Interim Controls

#### Introduction

Interim land use controls are land use controls used to protect the integrity of the more permanent controls by either maintaining the status quo (as in the case of building permits, sewer and other utility "moritoriums") or allowing only that development which represents movement in the direction the planning authorities are reasonably sure will be part of the more permanent land uses (as in the case of "phased growth" techniques); interim controls may simply slow down the pace of development with or without granting priority status (as in the case of "quotas").

## a. <u>Justification</u>

As stated in the summary in the preceeding subsection, interim land use controls are temporary. There are three functions for which interim development controls are designed. One, such controls are intended to fill the gap which may exist when either a significant change in use of an area is contemplated by the land use management authority; the purpose is to give the planners time to decide upon and implement more permanent controls.

Two, interim controls are intended to prevent the proliferation of non-conforming uses while permanent controls are being designed. And three, the controls will hopefully allow enough time for the public to

<sup>10/</sup>See Heeter, "Interim Zoning Ordinances, "American Society of Planning Officials(ASPO), Planning Advisory Service Report No. 242(1969). Freilich, "Interim Development Controls: Essential Tools for Implementing Flexible Planning and Zoning," 49 Journal of Urban Law 65(1971).



be aroused and to debate the development as well as implementation of more permanent controls. 11/

### b. Legal Status

Interim land use controls have had a difficult legal history. Utility moritoriums, phased growth techniques and quota systems have seen numerable challenges in the federal and state courts. There has been a refinement of the use of these tools and they are surviving more court challenges now than in the past. If the procedures outlined in the cases which have been decided are adhered to,  $\frac{13}{}$  a developer will likely not be able to void these controls.

#### c. Trend

\*There is a trend toward the use of these controls. However, there has been a slow down generally associated with the general state of the economy; al construction has seen a slow pace. When construction increases, you can expect increased use of interim controls especially in suburban areas to slow any renewed rapid growth that the economy may fuel. Implementation of interim controls in developed areas, like Roxbury and Jamaica Plain in Boston may be difficult since the fact context of much

Ibid. Freilich, Footnote 12. Also see excerpts from the Freilich law journal article reprinted in Randall W. Scott, David J. Brower, and Dallas Minor, Management and Control of Growth, Urban Land Institute (Wash., D.C., 1975) pp. 363-364.

 $<sup>\</sup>frac{12}{\text{Ibid.}}$ , Freilich and cases cited therein.

Procedures include following the steps through which a land use plan is properly established including: the taking of an inventory of current uses, development of a map, master plan and a comprehensive zoning ordinance. Also, legislation specifically authorizing interim controls. Most important, steps should be taken to develop interim regulations when the problem arises rather than when a developer has submitted a plan. If there is indication that the current situation is long standing and that the action taken to implement controls is aimed at a particular development proposal, a developer might be able to defeat the public agency action due to the appearance of arbitrary action.



of the case law is so different as possibly to make distinguishable the rule developed in these cases. A justification given for the use of interim controls may not be as readily available to built areas. For example, the justification for moritoriums against sewer hook up is that the towns capital facilities are overburdened; such an argument may not prove appropriate where previous levels of usuage were higher. It is not clear whether a renewed interest in lower density will appear to a finder of fact (a judge in some cases and a jury in others) as reasonable.

# d. Implementation

The usual challenge to a governmental act charges that the law was not followed. Application of a particular regulation may be voided as ultra vires (i.e., beyond the power of the exercising authority).

The process of implementing interim land use controls is the same as that for all other land use controls, namly: following closely the statutory authority, establishing support for the approved justification, making sure that the justification fits within the police power concept, consistency of the regulation with the general plan, providing public input wherever possible prior to the establishment of controls and providing for review of and relief in peculiar hardship cases.

See Model Interim Land Use Control Statute in Freilich, Op. Cit., 49 Journal of Urban Law 65 (1971).



#### e. Inventory

- 1. Moratoriums Moratorium means to halt, at least temporarily, through the denail of necessary permits, an activity while reconsideration of the effects of the activity, usually regional land conversion, is studied. Moratoriums are usually utility mor toriums with sewer moratoriums, i.e., denial of permits allowing hook-ups to sewer, being the most popular. Building permits have also been denied. (Permits are discussed under interim controls.)
- 2. Phasing Phasing refers to time sequencing; the municipality decides the <u>rate</u> of growth, (i.e., timetables) usually in terms of building types or uses; these rates are usually tied to a specific number of years during which the community projects a capability for managing its growth problems.
- 3. Quotas Quotas, like phasing, includes a growth rate, but rather than emphasizing time-sequencing, the municipality emphasizes acceptable numbers of use types or persons which will be allowed each year(or other time period).

For citations to the topics discussed in the inventory, use the general bibliography under "Land Use Controls Inventory.



#### 2. Hybrid Controls

#### Introduction

Hybrid controls are those land use controls which are not clearly either interim or permanent but may be either or neither; often these controls are used to achieve a specific purpose after which they are eliminated in favor of permanent controls. While most interim controls are used to halt development, hybrid controls are used to stimulate and guide development. Most non-traditional land use techniques, fall in the category of hybrid controls. Where these controls are implemented through the zoning technique, they usually involve mixed use (nongeneral Euclideon) zones rather than single use (Euclideon) zones. In many instances, these controls are superimposed on traditional land use plans or maps and usually accompany, rather than replace, traditional land use controls.

a. Justification - Hybrid land use controls are the creative techniques for guiding and stimulating development (which may or may not result in growth). The use of these controls often raise questions of owner-regulation. There value is in their ability to address contemporary situations which require flexibility. Without hybrid controls, unforseen circumstances could not be rationalized for consistency with the envolving comprehensive plan nor could corrective action be taken to address past mistakes.

Manuel S. Emanuel, "Ramapo's Managed Growth Program: A Close Look at Ramapo After Five Years' Experience," AIP Planners Notebook 4:5, Oct. 1974. See also Norman Williams' notes, Zoning Digest 423-427 (1971).



- b. Legal Status Hybrid controls have seen extensive challenges but they have a more stable legal history than interim controls. Permits and licenses, land banking, environmental controls and contract zoning have recently been challenged as exclusionary. Many of these controls allow uses which are not closely consistent with surrounding land use and are, therefore, frequently challenged as constituting "spot zoning." Hybrid controls have been accepted as falling within the purview of the common law (custom.) constitutional law (usually police power doctrine) or appropriate stationary (legislative discretion) rationale.
- c. Trend Hybrid controls are gaining in acceptance; successful legal challenges changing spot zoning as unconstitutional (especially federal, but also state, exclusion are becoming less and less frequent. Successful challenges are likely to invalidate a particular procedure rather than a hybrid control.
- d. Implementation Appropriate implementation strategy is critical.

  Because of their use as flexible techniques for addressing land use problems, power implementation procedure is vulnerable to changes of bias. Also these techniques require an approving general public if they are to be useful since both public and private cooperation play a

<sup>16/</sup> Herbert M. Franklin, et. al., <u>In-Zoning: A Guide for Policy Maker On Inclusionary Land Use Programs</u>, The Potomac Institute (Wash., D.C., 1974).

<sup>17/</sup> Compare: Mass. Anti-Snob Zoning Law.

<sup>&</sup>lt;u>18/</u> <u>Op. Cit., Freilich, 49 Journal of Urban Law 65(1971).</u>



large part in their success.

Specific legislation and a good public relations campaign and broad public discussion which pays special attention to the needs of current land users is the best implementation approach. Of course, the traditional implementation process is to be followed. (See "Implementation" under interim land use controls, above.)

#### e. Inventory\*

- 1. Permits and Licenses Permission is often required from a public agency before an activity can be undertaken. Proof of the agencies approval is often in the form of a permit or license. A major example is building permits and occupancy licenses or permits.
- 2. Special Appeals To allow for a mechanism to deal with special hardships peculiar to a specific property and at the same time avoid the constitutional question and legal issue of a "taking of property without just compensation," some system of "special appeals" or "special permits" is included in land use regulation systems. Hardships require either: (a) a modification or waiver of some of the restrictions or (b) a waiver of a basic restriction (the most drastic being a waiver of the use restriction) or substantially all of the restrictions.
- 3. Land Banking It is the public and private purchase with no present intent to resale the land except where the public interest is

<sup>19/</sup> Compare, variance.

<sup>20/</sup> Compare, special exception.

For citations to the topics discussed in the inventory, see the general bibliography under "Land Use Controls Inventory."



appropriately considered. It is distinguished from land speculation in that resale for profit is not the motivation for purchase.

- 4. Land Trust A legal technique through which the legal owner (title holder) is separated from the beneficial owner of the land. The legal owner is required by law to act in the best interest of the beneficial owners (who under a public trust, for example, would be the public).  $\frac{21}{\sqrt{1-2}}$
- 5. Development Easements This technique allows the separation of land ownership rights. An example is the best illustration. Under an air rights easement, there is a separation of the right to use the area into rights to use: (a) above a prescribed height and (b) below a prescribed height (which usually includes the ground and subsoil). The conspicuous example is the Prudential Center which is built over the Massachusetts Turnpike. The air rights are leased to the Prudential Insurance Company while the surface roads are undivided rights held by the Turnpike Authority.
- 6. Bonus and Incentive Zoning It is the use of the land use control power to discourage the exercise of private rights or to encourage decisions which serve a specific public purpose by offering incentives which have private economic benefits. Private participation is voluntary.

 $<sup>\</sup>frac{21}{A}$  land trust is legally owned by the trustees who are required by law under the doctrine of fiduciary responsibility to act in the "best interest" of the beneficial owners; the trust investment (title) may itself state what that "best interest" is. There are also state regulations governing trusts.



- 7. Conditional Zoning Using this technique, a municipality extracts concessions from a developer before allowing the use requested but does not make any contractual promises concerning future zoning requirements.
- 8. Contract Zoning Under this technique, both the user and the municipality are bound by a contract to a particular relationship with respect to the agreed land use and municipal regulation.
- 9. Transfer of Development Rights(TDR) This technique allows for land use allowance on a parcel different from the parcel to which the allowances accrue; i.e., it allows for the transfer(movement) of development rights from one parcel to another.
- 10. Controls To Curb Land Speculation Since the rapid development of suburban land in the 1940's and 1950's, there has been considerable research on the subject of land speculation. Because land speculation tends to raise the cost of land to the user, having passed through the hands of many holders (speculators), a developer might be concerned with the municipality's attempt to curb land speculation.

Effective controls requiring administrative not legislative action might include some of the following:

(a) "excess condemnation policy where public improvements are made,

22/

Excess condemnation means exacting what it implies, condemnation of a broad right-of-way so as to capture for the public benefit that land area which will benefit from the public improvement.



- (b) legislative policy not to allow consideration of public improvements in land valuation under condemnation regulations,
- (c) stiff transfer tax on underveloped land which is not subsequently developed by the buyer,
- (d) registration requirements of beneficial owners with required inventory of all undeveloped land holdings in the municipality,
- (e) disallowance of exculpatory clauses in land transfer contracts which make the land sole recourse upon default,
- (f) strict fiduciary requirements for land purchasing syndication managers,
- (g) high margins required under regulations at which financial institutions can lend on land or structures where land speculation appears to be the intended purpose of the purchase,
- (h) regulations shortening the time after which tax foreclosure is available, and
- (i) a fund for the repair of blighted buildings with reimbursement from liens enforced against the owners.



#### 3. Permanent Controls

Permanent non-Euclideonland use controls are more a conceptual designation with which to distinguish them from interim and permanent controls than a definitive land use category; no land use controls are permanent. A more accurate description is "very long term controls."

Permanent non-Euclideon controls, like the ones discussed here, work best when they cover "large" geographic areas. Large, that is, in relation to the usual Euclideon zones. Often, these controls cross many different zones and constitute a significant overlay (i.e., superimposed on top of) designation. PUD's (planned unit developments) are mixed use zones which allow certain combinations of site usage or use Unlike the special use or special area districts, PUD's are more akin to spot zoning in that the designation is formed and the total PUD area is part of the development. Additionally, PUD's usually need sizeable varant level areas. The special districts quished from PUD's in that they are often applied to developed areas and often offer incentives for conformity with the new district. Special districts are not new but some of the designations are. These three permanent controls, PUDs, special area districts and special use districts, are a good starting point for negotiations between planning officials and users for the redevelopment of an older urban area.

<sup>23/</sup> See Burchell(ed.) Planned Unit Development (1972).

<sup>24/</sup>Op. Cit., Frelich, at p. 374; also see general bibliography.



- (a) Justification Permanent controls are instituted for stability and because there is no currently foreseeable reuse or use adjustment contemplated by planning officials.
- (b) Legal Status Permanent controls have been and continue to be conceptually supported by the courts. Special districts are seldom challenged. But, PUD's, by their nature are open to charges of spot zoning and, therefore, should be the subject of specific enabling legislation.
- (c) Trend The trend is for continued legal acceptance of permanent controls.
- (d) Implementation An appropriate planning process should be followed.
  (See "Implementation" under the section on interim land use controls, above.)

## (e) Inventory\*

- PUD's (Planned Unit Developments) PUDs are mixed use areas zoned as a package which allow certain combinations of site usage (coverage or angle) or use type or both.
- 2. Special Use Districts Land areas where the cohesive factor is that certain similar uses are allowed in the area, e.g., theatre districts. A district is distinguished from a zone in that the district is usually designated after the zone has been established and the district covers a functional area without regard to the usual zoneing pattern.
- Special Area District Area districts have geographic bases. The cohesive factor focuses not on use type but location. This type

For citations to the topics discussed in the inventory, see the general bibliography under "Land Use Controls Inventory."  $\,\,$ 



of district is similar to traditional Euclideon zones; again, however, the district may not follow the usual zoning pattern and also exists as an overlay superimposed upon the traditional or other zoning designation.



#### Conclusion

The land use controls examined here can provide both public and private interests with benefits. It should be admitted however, that short term private benefits may not be sufficient to attract developers, even where incentive controls are included in a package. Long term private benefits may well justify short run costs; unfortunately a business may fail before realizing these long term benefits. The goal is to protect both private and public interests without creating an unreasonable burden for either.

The land use controls examined here should be considered for the Corridor. Unlike the case in a rural setting, the choice does not include the "free for all" option of an unincorporated territory. There will be land use controls; the question is what controls will be implemented.

Land use controls <u>must</u> be compatible with profitable development; otherwise, nothing will be built. Experience has proved that the controls examined here, appropriately used, can work and are reasonable.

The case study projects will later be analyzed along side a package of land use controls.



4. Local Controls Interface with State and Federal Programs

A. State Programs

There are a number of State programs which may effect redevelopment activity in the Southwest Corridor. Current policy of the associated agencies should be reviewed by a businessman wishing to determine demand for his products into the 1980's.

Because this report examines the feasibility of retail business location, State policy effecting retail markets is considered. This report will only attempt to identify relevant agencies which may be contacted for detailed information. Traditional business assistance programs are not included here, (e.g., Chamber of Commerce and other business assistance programs.)

In addition to the Massachusetts Bay Transportation Agency (MBTA) and the Mass. Department of Public Works, other agencies whose policies will significantly effect retail markets include: the Massachusetts Housing and Finance Agency (MHFA), the Department of Community Affairs (DCA), Mass. Home Mortgage Finance Agency (MHMFA), Mass. Commissioner of Banking (concerning the State's anti-redlining policy and for information on new mortgage commitments in Southwest Corridor neighborhoods), Mass. Community Development Finance Agency (CDFC), the Department of Corporations and Taxation (concerning Chapter 121A and 121B tax subsidy

<sup>25/</sup> See "Towards a Growth Policy for Massachusetts," The Office of State Planning 1975, especially State development policy recommendations.



programs), the Governor's Task Force on Capital Formation and the Office of State Planning.

B. Federal Programs Identified

There are a number of federal programs which may effect development activity in the Southwest Corridor. These programs should be considered by businessmen wishing to locate in the Southwest Corridor for the effects on local markets and demand activity. Five federal programs are identified.

#### 1. Environment based controls

- a. Environmental Impact Reports The State has prepared an Environmental Imapact Analysis required under the National 27/Environmental Policy Act (NEPA). This document and the successor Environmental Impact Statement (EIS) should be reviewed by businessmen wishing to locate on or near Southwest Corridor land. Included is valuable information on land use, transportation systems and population both current and projected.
- b. Transportation Control Plans Under the Clean Air Act of 1970 Under the provisions of the Clean Air Act of 1970, a transportation control plan has been developed for Boston. Parking facilities development may be further restricted in the event the air quality of Boston should further deteriorate following construction of

Elaine Moss (ed.) Land <u>Use Controls in the United States</u>, The Dial Press/James Wade (New York, 1977). Note also that President Carter has proposed a Cabinet level department of energy.

<sup>27/</sup> 42 U.S.C. §4321 et seq., as amended.

<sup>28/</sup> 42 U.S.C. §1857 et seq., as amended.



the road segments of the Southwest Corridor Project. The effect of such a restriction on market share might be considered by prospective land developers.

- 2. Joint Development—The Urban Mass Transportation Administration is currently formulating policy for joint development activity. Joint development is concerned with the coordination of land use and transportation construction activity in a way which would benefit both. Such activity includes both public and private developers. A construction developer may be able to leverage his investment by lowering costs of infrastructure implacement through joint development activity. The local federal highway administrator should be contacted.
- 3. Development Bank: Proposal of the U.S. Conference of Mayors This is a recent proposal which was the subject of recent newspaper coverage. The Conference proposes to create a national development bank which would make funds available for development especially of depressed urban areas. This program may be available before the end of the term of the current Congress.\*
- 4. Status of New Towns Program The federal New Towns program is under review. Under the program, federal aid has assisted the development of new communities which were to be self-sufficient by providing the services and jobs. In this way planners intended to slow the development of suburban areas and the usual commuting to the core city which is typical in much of the country. The program may

<sup>29/</sup> Federal Highway Administration(FHWA) PPM 90-5 (March 27, 1973).

<sup>30/</sup> The Boston Globe, November 9, 1976, p. 1.

There is reason to believe that the development bank will be similar



be scraped, at least for the near future, in favor of increased aid for inner-city redevelopment. The report is due in early 1977.  $\frac{31}{}$ 

Additionally, contact should be made with the traditional sources of retail project assistance including: the Small Business Administration (SBA), the Economic Development Administration (EDA), and the Community Services Administration (CSA).

<sup>31/</sup>Source: Discussions between SWCC staff and federal program officials in December 1976; also New York Times, December 12, 1976, p. 1, section 1.



Institutional Structures for Corridor Development Scope

Institutional structures may be defined simply as a combination of people. In the context of this report, the function of institutional structures is to undertake the redevelopment of the Southwest Corridor.

This report shall limit its discussion to those forms within which the government and the public (as the public) might participate.

The structures examined are those which involve significant non-public entrepreneaur participation. Not included are various advisory bodies, e.g., committees and task forces.

#### Introduction

The Southwest Corridor is large enough that different forms of institutional structures may be involved in redevelopment activity. There is, however, a possibility that an organizational type will be chosen for selected and substantial participation; the chosen entity will have significant bearing on redevelopment.

Here, selected forms will be identified. Note especially, those areas where focused community support is noted. (See also section IV (Recommendations) of this report.

A different division might divide corporations into private, quasi-public and public. That is the division which is examined below. This division is examined because a major concern of this report is with citizen participation.



# A. Corporate Form

The corporation is defined by statutory law. A corporation must be registered with the Massachusetts Department of Corporations and Taxation and must adhere to statutory requirements which includes the filing of a corporate charter, and by-laws and the payment of an annual  $\frac{33}{2}$  excise tax.

The major advantages of the corporate form are: (1) limited liability, (2) perpetual existence, (3) ease of transferability of shares, generally and (4) reduction of total taxes through control of the timing and nature of income. (Note that some tax advantages have been loss since the reduction from 70% to 50% in individual maximum marginal tax rates. Also there is "double taxation, in that taxes are assessed on both net income to the corporation and income on dividends paid to shareholders.

Corporations may be further divided into: for-profit and not-for-profit (or nonprofit)forms. The general distributions are that for profit corporations pay taxes on net income whereas not-for-profit corporations, if tax "exempt," in many instances, do not pay taxes.

<sup>32/</sup>See generally, Harvard Business School, "Note on Forms of Real Estate Ownership; "President and Fellows of Harvard College, distributed by Intercollegiate Case Clearing House, Soldiers Field, Boston, MA (1972).

Mass. General Laws, chapter 156, section 1, et. seq. Regulations of the Mass. Department of Corporations and Taxation.

See Op. Cit. Harvard Business School, also The National Housing and Economic Development Law Project. A Lawyers' Manual on Community - Based Economic Development, U.S.A. (1974), chapter 2.



(1) Private Corporations—Private corporations are owned by their stockholders, as individuals, rather than in the name of "the public."

The corporation is operated for the private benefit of its shareholders; moreover, there are restrictions on public beneficient activity which presents substantial charitable acts, especially such acts by large corporations run by managers who own few, if any, of the shares.

Though there have been a recent increase in appointments of individuals to the board of directors of private corporations based on their "public consciousness," corporation statutes, case law, and voting powers are enough to deny an substantial public representation at the policy level of the organization.

Cary, <u>Cases and Materials on Corporations</u>, (4th ed. unabridged). Foundation Press, Inc. (New York, 1969).



- (2) Quasi Public Corporations These corporations have both public and private attributes. The principle form of concern in this report is the community development corporation (CDC). The term CDC as used here means a corporation organized with the following attributes:
  - "1. a coordinated strategy for economic development of the community as a whole;
  - 2. control of the strategy and the sponsoring organization by the low-income residents of the community;  $\frac{37}{}$  and
  - a mandate for the achievement of social goals through the development of businesses (including residential (housing), commercial and industrial facilities). (Editor) 38/

Citizen participation, as noted under number 2 above, is significant.

There are a number of CDC in Boston; located in or near the Southwest Corridor are: (a) Lower Roxbury Community Corporation, Inc., (LRCC) (to date, emphasizing housing development), (b) Community Development Corporation of Boston, Inc. (developer of the planned industrial park), (c) Roxbury Action Program (RAP)(emphasizing housing and limited retail commercial development in Highland Park, a sub-area of Roxbury) and Greater Roxbury Development Corporation (GRDC) (involved with commercial and residential investment.

<sup>36/</sup> Op. cit.; footnote 42, Berkeley Project.

<sup>37/</sup> Op. cit.; Berkeley Project, p. 11.

The Berkeley Project definition of business participation is broadened here but is consistent with recent trends, notibly the Boston experience.

 $<sup>\</sup>frac{39}{\text{SWCC}}$ , "Investment Profile of Roxbury," (unpublished 1975).



(3) Public Corporations - Public corporations are organized entities with most of the significant attributes of private corporations except the "stock" is held by the government.

 $<sup>\</sup>frac{40}{}/$  Friedmann, W. G., The Public Corporation: A Comparative Symposium Toronto, Carswell Co., (1954).



### B. Public Fiduciary

The following organization forms are not operational entities; their significance is in their legal responsibility to act in the best interest of the beneficial owners who are the public. These two organizational forms should be understood in the event Southwest Corridor land is transferred to a land trust or land bank; moreover, the land trust as the legal owner of the Southwest Corridor land located in Roxbury has been endorsed by the Roxbury Community through SWCC.

- 1. Land Trust A trust is a legal vehicle which separates the legal from the beneficial owner; the legal owner is the trust represented by members or trustees, the beneficial owner is the beneficiary. In a public land trust, the beneficiary is the public. A public land trust as the legal owner of Southwest Corridor land in Roxbury has been developed and endorsed by SWCC.  $\frac{42}{}$
- 2. Land Banking Land banking is simply the holding of developable land by the government. As used here, the organizational form incorporates a commitment by the government to a comprehensive development plan and land use controls which response to the public interest as defined by that public; in this context, the government has a fidicuary responsibility much like that of the land trust.

  The difference is that the trust has interest fiduciary responsibility whereas the land bank described here has adopted fiduciary responsibility.

<sup>41/</sup> Indorsement voted, SWCC meeting of January 22, 1975.

Southwest Corridor Land Trust, SWCC, unpublished (1974).

<sup>43/</sup>Compare, Fishman Gross, "Public Land Banking: A New Proxis for Urban Growth," 23 Case Western Reserve Law Review 897 (1972).



#### C. Association Forms

Association Forms are informal unincorporated voluntary relationships. The partnership is the usual description of such entities development.  $\frac{44}{}$  Partnerships are familiar and are remitted here in the interest of discussing less well-documented association for organization forms.

- 1. Special Groups The Special Group is a loose collection of development interests rather than an organizational form per se; the cohesive factor is the the purpose of the group. There are no rules or legal responsibilities except those which might be created under contract law.
- 2. Consortium A consortium is a combination of development organized to complete a task requiring resources beyond the scope of the individual interests; such resources may be financial, engineering, construction, etc., or a combination of such capital  $\frac{45}{}$
- 3. Clearinghouse A clearinghouse is any organizational form through which as a part of a development plan must pass decisions on one or more phases of development; during this "pass through process" development decisions are rationalized to establish compatibility and balance.

<sup>44/</sup> Ibid, Harvard Business School.

<sup>45/</sup> Compare: The American College Dictionary, Random House, N.Y. (1964).



### Conclusion

This discussion is intended to present selected alternative organization forms which might be encountered in the Southwest Corridor by developers. Hopefully, by anticipating these relationships, developers can better identify the actors as well as understand some of the essential characteristics of these organization forms.



# Appendix 1: Methodology for Market Analysis

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### Definition of the Trade Area

Following the standard defining technique of trade areas, the initial boundary was defined by drawing a 1 mile radius around Dudley Square. Then, census tracts within the boundary were eliminated to yield a conservative estimate of the trade area. Reasons for this elimination were due to physical boundaries, such as Franklin Park; due to income boundaries, such as middle class Back bay; due to racial boundaries, such as South Dorchester; and due to superior local competitive retail available, such as parts of the Fenway and South End.

Instead of following standard division of the trade area into primary and secondary areas, we divided the trade area into communities. Here the assumption was that sufficient community commercial development could draw residents from the usual secondary trade area as much as from the primary trade area. This was supported by the definition of the trade boundary along a line that would tend not to conflict with the only other community level commercial area of Roxbury, that of Mattapan Square. As long as the planned retail development is at a community scale, there should be no problem with this definition.

Further, the trade area was divided into communities in order to facilitate transportation sensitivity analysis. This analysis was not heavily pursued in this report, since it is beyond the scope of this contract.

Finally, the trade area was defined in terms of communities in order to facilitate recognition and use of the results of this feasibility analysis by the user.

## Growth Projections

The assumptions underlying the growth factors for population follow: (000's refer to U.S. Census track designations)

(1) 1980 Core Decline: Back Bay (100's) is the most sensitive community segment to Central Business District growth and decline. The Boston Transportation Planning Review transportation model used the average of 5% for its ten year projections. This figure was adopted for the decline projection. Factor: .95 South End (700's) is one of the two most sensitive community segments to Federal housing programs. The South End urban



renewal projects within the trade area are virtually complete.

Factor: 1.00

Roxbury (800's) is the other sensitive community to Federal housing programs. The projects within the trade area are near completion, and are expected to increase the population by 1%. New Federal housing projects, however, are a small part of the housing stock in the trade area. Migration was substantial in the first half of the decade, and is expected to continue to a net-1%. Net births less deaths is expected to decrease the population by a net -3%.

North Dorchester (900's) is on the receiving end of the migration out of Roxbury. Here net migration is expected to be only a net -7%. Net births less deaths is again net -3%. Factor: .90

(2) 1980 Trends Extended: Back Bay is expected to remain constant.
Factor: 1.00

South End is expected to increase density in existing housing by 3%, and to rehabilitate old housing now empty by 2%.Factor:1.05
Roxbury experiences a net outmigration of 3%. Factor: .97
North Dorchester experiences a slowdown of absorption of residents from Roxbury moving to Dorchester. Outmigration increases to 4%.

Factor: .96

(3) 1980 Core Intensive: Back Bay is assumed to hit BTPR growth estimates and to better them.

Factor:1.11

South End begins a new housing development program under the Massachusetts Housing and Finance Agency and new federal rent subsidies for both private and public housing.

Factor:1.15

Roxbury succeeds in completion of the RAP-UP project, LRCC its last phase, and Boston's urban homesteading program tied to the elimination of redlining increase population.

Factor:1.03

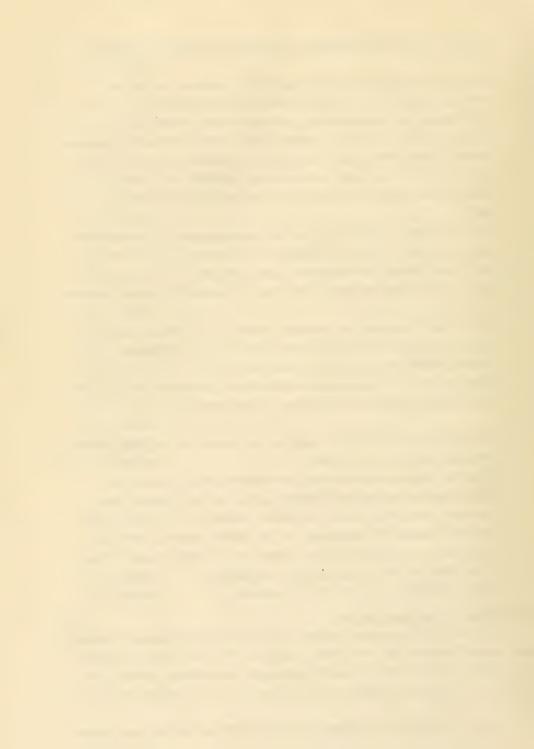
North Dorchester follows suit to Roxbury.

Factor:1.03

### Consumption Expenditure Factors

Consumption expenditure factors based on the 1972 Consumer Expenditure Survey have not yet been fully compiled. The most recent compilations have only 6 of the 11 retail categories used in this report. So a combination of results based on the 1972 and the 1961 surveys had to be used.

First, factors were derived for the six categories by normalizing



brackets. These categories are: food away from home, food at home, alcoholic beverages, household furnishings and equipment, furniture and clothing. Next, we grouped the remaining five categories under these first six. Then by multiplying the consumer expenditure factors of these last five categories by the same ratio as that of the change of the basic six categories from 1961 to 1972, we derived the consumption expenditure factors for these five categories. These five categories included dry cleaning, junior department store, hardware, TV and radio, and drugs. (See table AX)

Then, to derive total retail demand, we multiplied each consumption expenditure factor by the average income of a bracket by the number of families projected for each bracket in 1980. The result was forecasts of total retail demand in 1980 in eleven categories. As an example, take Table A XI. For the income bracket of under \$2,999 per year, total consumption is \$5.2 million. Then to find total expenditures on supermarket alone, we multiply total consumption by the consumer expenditure factor for this income bracket for supermarkets, or .17 taken from Table A X. The result is \$1.1 million.

## Sales Projections of Existing Businesses

Sales of still open businesses were estimated in the 1973 Dun & Bradstreet survey. Sales of businesses opened since that survey were estimated either by comparing the new business to an old one and adjusting by the relative square footage, or by estimating sales from the 1975 Urban Land Institute survey for medium size stores.

Future sales in 1980 were estimated by multiplying by a factor of 5% nominal.



### Market Feasible Retail Stores

Market feasible stores were screened by use of the 1975 Urban Land
Institute survey. Projected unsatisfied retail demand for a given retail
category was divided by the median square footage for that retail category
of those stores in the Urban Land Institute survey. The resultant sales
was then compared to the range of sales of those stores in the survey.
If sales were in the medium range, then the store was deemed market feasible.
No store failed this test.

The estimated square footage of the market feasible stores was estimated as below medium or medium scale based on the Urban Land Institute survey.

Improvements Made Over Previous Market Analyses of Dudley Square

The present analysis is an improvement over the most sophisticated analysis to date, that of the author's <u>Commercial Development at a New Dudley Square MBTA Transit Station in Roxbury</u>, MIT, 1974 in two ways.. First, the package design is a superior one, particularly for the soft/hard goods complex. Second, sensitivity analyses were made for square footage, sales, population, market penetration rate, sales growth, and mass transit reliance. These were not done in the MIT study.

The present analysis is also an improvement over the more recent analysis, <u>Dudley: Report of the Total Studio in Environmental Design</u>, MIT Spring 1975. This is so in two ways. First, the present reportuses more up-to-date consumer survey data that derives consumption expenditure factors on sounder methodological bases than those used for the MIT Studio report. The latter relies on Melvin Miller's <u>Consumer Attitudes and Practices Survey</u>, Urban Research Inc., Boston, 1969, a study whose methodology remains unclear in its derivation of its consumption expenditure factors.



Secondly, the present analysis uses consumption expenditure factors that are sepcific to retail categories. The MIT Studio used factors that were specific only to retail groups.

For a discussion of the economic development implications of market analysis for ghetto development, see the author's 1974 study.



# APPENDIX 2: Methodology for Financial Analysis

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### Derivation of the Financial Package

The marketing analysis derived a set of businesses that are market feasible in the Dudley Square commercial area. Two alternative packages were recommended for development. In each package, two stores were identified as essential to the market feasibility of the development. These anchors and the other secondary stores comprise the financial package.

In a conventional financial feasibility study, the stores in the market feasible set would be likely reduced. Marginal or unprofitable stores would be eliminated in favor of the financially feasible store. This approach would apply to middle or upper income market areas. For a low income market area, however, the financial analysis must focus on the extent of subsidy required in order to make market feasible stores profitable to profit-making owners or breakeven to non-profit making owners.

With the importance of the anchors, the primary financial analysis focused on these stores. In addition, the shortage of data on small retail stores operating in low-income markets made financial analysis of the secondary stores difficult.

### Sales Projections

At full operating levels, annual sales were estimated based on the sales data for comparable medium size stores now in Dudley Square. This data was based on the national survey of the Urban Land Institute publication, Dollars and Cents of Shopping Centers: 1975. The sales estimates came by multiplying the median sales/square foot times the median gross leasable area in square feet.

Market penetration over time was based on an S-curve for the initial years and a straight line for the later years. Thus, for a three year penetration, first year sales would be small, second year sales would take off and third year sales would show stabilized growth.

Sales growth of 8-9% from 1971-75 were recorded for supermarkets nationally. We took annual sales growth of about 4% as reasonable, by subtracting population decline of 4% per annum from national trends.



Pessimistic sales trend figures were derived by assuming only constant
market share, and therefore a decline at the rate of population decline at

### per annum. Projections were taken out to 10 years.(Tables BII,BVII,BXI,BXII,

| Not income estimates were derived by applying average appropriate. | BXV.BXVII)

Not income estimates were derived by applying average operating ratios for the retail category of each store. For the secondary stores, these operating ratios were taken from Robert Morris Associates national survey. For the anchor stores, these operating ratios had to be more fine grained. For the supermarket, the source was the Marion study of inner city supermarkets in the U.S. For the junior department store and and the family clothing store, the source was the National Retail Merchant Association national survey. Of the anchor stores, operating costs were separated as fixed and variable. Fixed costs were estimated based on the sales of the year of full operations. (Tables V,VIII,XI,XIV)

Sensitivity analyses were done for mass transit reliance, market penetration rate and rate of the sales trend. Mass transit reliance was estimated based on the Circle Special Mobility Study of supermarkets in Roxbury. For the case of removal of mass transit service to Dudley Square, sales were deflated by the share of mass transit sales over the full ten years. For the case of completion of the new mass transit service to Dudley Square, sales were inflated by the same mass transit sales ratio for the arbitrary seventh year and afterward. Market penetration rate was conservatively estimated at two years. For the case of slow response to sales promotion, the sales S-curve was stretched to three years. Rate of sales trend was discussed earlier. No sensitivity analysis was made for gross margins, since the operating ratios for the anchors were derived for poverty areas. (Tables VI-XVI,XXVII,XXVIII)

Sensitivity analysis was also made for the total annual sales in the first year of full operation. This varied according to the type of organization of the store, i.e., national chain, local chain or independent. The source of this data was the Urban Land Institute survey. Ultimately, for the case of low market penetration of a whole commercial area, the total sales is fundamentally a policy decision based on the ambition of the developer and not on the market feasibility study.



### Balance Sheet Projections

Balance sheet ratios were derived from the same sources as operating ratios. Unfortunately, net worth figures are not available from this data. The only exception was for supermarkets. So estimates of the capital for each store was based on applying the same capital to net worth ratio as that for supermarkets, 26%.

To derive balance sheet accounts, these ratios were applied to the range of estimated sales from the marketing analysis. (Tables BI, BIII, BIV, BV, BVI, BVII, BX, BXII, BXIV, BXVII, BXVIII).

Sensitivity analyses were made for both assets and capital. Assets varied according to the sales estimates for each retail category. Three estimates were made for assets and capital. Only dry cleaning had two.

"Sources and uses" is an annual financial statement which defines the changes in the working capital of the business. Sources of funds are any increases in long term liabilities plus decreases in long term assets. Uses of funds are any decreases in long term liabilities plus any increases in long term assets. The affect of the sources and uses statement is to show the change of the balance sheet over two years.

Sources and uses link income statements to balance sheets. The key sources and uses, however, is the initial financing prior to start-up. We will say more about financing in the Financial Program report. Since sources and uses change from year to year, they could not be derived for the secondary stores. Most basically, they are a measure of the operation of the commercial package and outside the scope of a financial feasibility analysis.



### Capital Requirements

Requirements for financing of the commercial package were derived by aggregating key balance sheet accounts of the component stores. Total trade credit was derived by aggregating individual account payables accounts, and then netted out by the individual account receivables. Total bank debt was derived by aggregating individual short-term debt and then adding to aggregated individual long-term debt accounts. Total capital was derived by aggregating individual capital accounts, assuming that there would be no pay-in, but rather a pay-out during the initial years of each store. (Tables I-IV)

Components of the capital for financing will be discussed in the Financial Program report.

### Subsidy

Subsidy required was derived by assuming no real estate or rent costs in order to bring pay-out periods within a two year frame. Of course, no estimates of subsidy for the secondary stores was possible due to the poverty of the operating ratio data. (Tables XVII-XXIII, XXVI)







Annotated Bibliography to "A Land Use Controls Primer"

SWCC Staff May 26, 1977



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## Comment:

Not in library collection.

Title I of the 1974 Housing and Community Development Act and its impact on local communities. Edward Haworth, S. 143; 2 Pepperdine L. Rev., Spring '76.

# Comment:

Not on shelf.

# 12. Interim Controls

Air Zoning - Ecology L. Q. 4:781-96 '75.

#### Comment:

The subject is discussed as an interim zoning mechanism in conjunction with the federal Clean Air Act.

Interim Land Use Control Statute, 49 Urban L. J. (1971).

## Comment:

Good model legislation; well worth review by the State.

Interim Zoning Ordinances, ASPO. Planning Advisory Service Report No. 242, (1969).

#### Comment:

As with nearly all PAS reports, this one is good and brief.

# 13. Joint Development

Transit Station Area Joint Development: Strategies for Implementation (Executive Summary) (1976) Administration & Management. Research Assoc. of NYC, Inc. Office of Midtown Planning & Development, Office of the Mayor, City of New York.

#### Comment:

Good report on an underdeveloped subject.

# 14. Land Bank

Canadian land banks, PAS, ASPO, no. 284, October, 1972.

# Comment:

Good and brief; worth reading and comparing to U.S. efforts; note strong Canadian commitment.

Judicial review of land bank dispositions.U. Chi. L. Rev. 41:377-97 Winter '74.



#### Comment:

Good critique of how to address weakness of land banking; also see the research notes.

# 15. Land Use Control Without Zoning

Alternatives to zoning: covenants, nuisance rules, and fines as land use controls. R. C. Ellickson. U. Chi. L. Rev. 40:681-781, Summer '73.

#### Comment:

Good ideas but weak implementation devices.

Non-Zoning in Houston, J. Law Econ. April 1970, p. 13.

# Comment:

This article examines the usefulness of private covenants in place of zoning, but note limitations.

Nusiance law approach to the problem of housing abandonment. Yale L. J. 85:1130-48, Jl. '76. Nusiance recovery as a means to stop residential housing abandonment. UMKC L. Rev. 45:99-106, Fall '76.

#### Comment:

Very interesting; easy reading.

Land use planning by private volition: a framework for policy - oriented inquiry. L. L. McDough, III. Ariz. L. Rev. 16:1-39, '74.

#### Comment:

Good discussion of categories of rights in real estate less than fee (total) ownership of property.

# 16. Land Use Litigation and Proceedings

Araby revisited: the evolving concept of procedural due process before land use regulatory bodies. E. J. Sullivan. Santa Clara Law 15:50-80, Fall '74.

#### Comment:

None.

Exclusionary Zoning in Massachusetts: some litigation strategies to contract the status quo. New England L. Rev. 11:565-88, Spring '76.

#### Comment:

None.

How to use experts effectively in land regulation proceedings. H. S. Moskowitz.Real Estate L. J. 3:359-72, Spring '75.

#### Comment:

Good "how to" discussion; worth noting in selecting an expert for non-litigation reasons.



Litigating the zoning case in Ohio: suggestions to fill the textbook void. E. Kancler. Clev. St. L. Rev. 24:33-61, Winter '75.

# Comment:

None.

Litigation strategies and judicial review under title I of the housing and community development act of 1974. J. A. Kushner. Urban L. Ann. 11:37-100, '76.

# Comment:

None.

Significant developments and trends in zoning litigation. G. A. Staples, Jr. Planning, Zoning and Eminent Domain Institute. (SW. Legal Fdn), 1975:61-81 '75.

# Comment:

Not in library collection.

Standing to sue under the model land development code. U. Mich. J. L. Ref. (Reform) 9:649-65, Spr. '76.

# Comment:

None.

The new criteria for standing in exclusionary zoning litigation. 11 Supp. 1-45 1976. (11 Suffolk Univ. Law Review, No. 1, Fall, '76.

### Comment:

Good note on subject, note conclusion: take our land use claims to state court since federal courts do not appear receptive. This point is generally accepted in the field.

Warth v. Seldin: the substantial probability test. (Warth v. Seldin, 495 7. ed 1187, 2d Cir., cert. granted, 419 U.S. 823, 1974.) 3 Hast. C. L. Q. 485-516. (3 Hastings Constitutional Law Quarterly, No. 2, Spring, 1976.)

#### Comment:

None.

# 17. Local Ordinances

Constitutional derivation and statutory exercise of land use control powers.
 M. D. White, Rocky Mt. M. L. Inst. 21:657-719, '76.

### Comment:

Not in library collection.

Exclusionary zoning: an unfair target ... Werner Z. Hirsch, S1-221, 2 Pepperdine L. Rev., Spring '76.

#### Comment:

Not on shelf.



Land use planning and control. 2 Pepp. S1-S283. (2 Pepperdine Law Review, Symposium, Spring 1976), also Spring 1975:

- Hagman's hallucinations: some predictions about planning law in California....Donald G. Hagman, S1;

- Legal limits of government land use regulation - an expand-

ing concept.... Roger A. Grable S26;

- The relationship of just compensation to the land use regulatory power: an analysis and proposal. Thomas P. Clark, Jr., Arthur G. Kidman S 79.

## Comment:

Not on shelf.

Local versus state and regional zoning: the tradegy of the commons revisited. Conn. B.J. 47:249-63, Je. '73.

#### Comment:

Argument favors state taking away some of local zoning power; outlines some problems of local zoning control. Some points are valid but no adequate discussion of practical politics of subject.

Md - Nat. Capital Park & Planning Commission v. USPS (48772d 1029): deference to local land uses and zoning laws by federal agencies. Willamette L. J. 10:477-86, Summer '74.

#### Comment:

Good, important conceptual discussion.

Property - zoning - cities may restrict use of property based on future circumstances which are an imminent or factual certainty; the concept of "favored or preferred use" and attendant shifting of burden of proof is no longer viable. J. Urban L. 52:400-8. N. '74.

#### Comment:

Not on shelf.

The right of control over the city plan: local planner versus the state legislature and the court... Caryle W. Hall, Jr., S106. 2 Pepperdine L. Rev., Spring '76.

#### Comment:

Not on shelf.

Urban reconstruction could be as close as the statehouse. ABA J. 60:578-80+, My '74.

# Comment:

None.

Zoning - population control in metropolitan areas - municipal ordinances limiting the number of building permits for the purpose of restricting population growth held unconstutional infringement on the right to travel, where there is no shortage of municipal facilities to serve the new residents. Fordham Urban L.J. 3:137-



Comment:

None.

# 18. Low-Income Housing

Home-owner's land-lease development program: a proposal for reducing the land-related costs of housing. Am. U.L. Rev. 23:55-117, Fall '73.

Comment:

None.

Inclusionary ordinances - policy and legal issues in requiring private developers to build low cost housing. T. Cleven, UCLA L. Rev. 21:432-528, Ag. '74.

Comment:

None.

Michigan preferred use doctrine as a strategy for regional lowincome housing development: a progress report. Urban L. Ann. 8:207-18, '74,

Comment:

None.

Penn. housing finance agency act of '72. U. Michigan J. L. Ref. (Reform) 7:420-39, Winter '74.

Comment:

Good comparative discussion of state housing finance agencies; note references to MHFA; compare with other states' housing agencies.

# 19. Open Space Preservation

Open space preservation through conservation easements. S. Silverstone. Osgoode Hall L. J. 12:105-24, My '74.

Comment:

Good concept,

# 20. Planned Unit Development (PUD)

Planned unit development and N. C. enabling leg. N.C. L. Rev. 51:1455-78. 0 '73.

Comment:

Good discussion of contract and floating zones problems.



# 21. Public Participation; Citizen Participation

Changing environment of urban development policy - shared power or shared impotence? A. A. Altshuler, R. W. Curry. Urban L. Ann. 10:3-41, '75.

#### Comment:

Good discussion of citizen participation, especially reasons therefor; also a good discussion of transportation planning jurisdiction and process in Mass.; written by a recent former. State Sec. of Transportation and current General Counsel of that Agency.

Community participation and reform of the zoning process in NYC. Columbia J. L and Soc. Prob. 9:575-606, Summer '73.

#### Comment:

Note the key point: presence of parties at Zoning Board of Appeals hearings important to winning.

Community participation - zoning in NYC, Columbia J.L. and Soc. Prob. 9:575-606, Summer '73.

### Comment:

None.

Planning decision making - balancing legislative restrictions, modern technology, community imput, and personal objections... Robert J. West, S101; 2 Pepperdine L. Rev., Spring '76.

#### Comment:

Not on shelf.

Public participation in the English land use planning system. Urban law 6:483-518, 810-52, Summer-Fall '74.

## Comment:

Good; compare with Boston-based groups and the Mass. experience in citizen participation.

Public participation. Urban law 6:483-518, 810-52, Summer-Fall '74.

#### Comment:

None.

# 22. Public Trusts, Land Trusts

Controlling other people's property through covenants, zoning, state and federal regulation. B. H. Siegan. Environmental Law 5:385-474, Spring '75.

# Comment:

This argument for less zoning and more private regulation is conceptually weak; it seems to be part of a argument coming out of the U. of Chicago Law School.



Mississippi public trust doctrine: public and private rights in the coastal zone. Miss. L. J. 46:84-117, Winter '75.

#### Comment:

Good for comparison with other land trusts, note conceptual similarities.

Model state land trust act. J. McClaughry. Harv. J. Legis. 12:563-609, Je. '75.

#### Comment:

Specific reference is to agricultural land.

Public trust doctrine and the California coastline. Urban Law 6:519-71. Summer '74.

#### Comment:

Good discussion of public trust doctrine though specifics deal with coastal zone management.

Public trust doctrine: procedural and substantive limitations on the governmental reallocation of natural resources in Michigan. J. Olson. Det. Coll. of L. Rev. 1975:161-209, '75.

#### Comment:

Not in library collection.

The leasehold system of urban development: land tenure, decision-making and the land market in urban development and land use. R. W. Archer. Regional Studies. 8:225-38, Nov., '74.

#### Comment:

None.

# 23. Regional Issues

Area of critical state concerns: its potential for effective regulation. U:F la. L. Rev. 26:858-72 Summer, '74.

# Comment:

None.

Critical area controls: a new dimension in American land development regulation. Daniel R. Mandelker. Journal of the American Institute of Planners. 41:21-31, Jan., '75.

#### Comment:

A good discussion of the developing concept.

Local government response to state environmental impact assessment requirements: an explanation of a typology. 7 Env. 25-50. (1976) (7 Environmental Law. No. 1, Fall, 1976).

### Comment:



New Jersey land use law revision: a lesson for other states. W. Miller Real Estate L.J. 5:138:54, Fall '76.

#### Comment:

Not on shelf.

State land use control: why pending federal legislation will help. Hastings L.J. 25-1165-95, Ap. '74.

## Comment:

None.

Zoning - areas of critical environmental concern. James C. Pitney. New Jersey State Bar Journal. 65:34-39, Nov., '73.

#### Comment:

Not in library collection.

# 24. Special Districts (Government)

Recreation and land use. Syracuse L. Rev. 24:927-1066, Summer '73.

# Comment:

None.

Use of special districts in financing and facilitating urban growth. J. T. Mitchell Urban Law 5:185-227, Spring '73.

Fair article on an interesting subject which has potential.

# 25. Special Districts (Zoning)

Application of municipal ordinances to special purpose districts and regulated industries: a home rule approach. 12 U.L.A. 77-123. (Urban Law Annual), (1976).

### Comment:

None.

Cincinnati strategy for environmental quality overlay zones. R. E. Manley. Urban Law 7:96-114, Winter '74.

#### Comment:

Note concept, article acceptable.

Integrating recreation and open space facilities into urban development projects. D. D. Brandou. Syracuse L. Rev. 24:929-34, Summer '73.

# Comment:



While zoning ordinances regulating the location of adult bookstores and theaters require strict judicial scrutiny, neighborhood preservation is a compelling state interest satisfying that standard. J. Urban L. 52:388-99, N. '74.

## Comment:

Not on shelf.

Zoning for day care facilities. 1976 orig. S.63-95.

## Comment:

Interesting topic, fair article.

# 26. Special Assessments

Land Use Planning: financial savior or social villain - the bitter-sweet impact fee is born in Florida. (Contractors and Builders Association v. City of Dunedin, 329 So. 2d 314, Fla. 1976.) 28 U. Fla. 1059-1065. U. of Fla. Law Review, No. 4, Summer, '76.

# Comment:

None.

Zoning - general welfare includes considerations of aethetic and property values. Dick. L. Rev. 78:605-13, Spring '74.

### Comment:

Good review of recent cases.

# 27. Transportation

Impact of environmental legislation on the transportation decision-making process in New Orleans: the derailment of the I-310 river-front expressway. D. G. Farrer. J. Urban L 51:687-722, My '74.

### Comment:

Excellent article; discusses a situation similar to Boston and draws conceptual parallels to the citizen participation process.

Land use/transportation controls for air quality. Urban Law 6:235-87, Spring '74.

### Comment:

None.

# 28. Zoning

A Glossary of Zoning Definitions, ASPO. <u>Planning Advisory Service</u>. No. 233.(SIC).

#### Comment:

Excellent, a good companion to the land use inventory subject of this report.



Amortization of nonconforming uses in Pennsylvania: a possible remedy for a zoning headache. Dick. L. Rev. 79:235-59, Winter '75.

# Comment:

None.

"An Essay on Externalities, Property Values and Urban Zoning," unpublished doctoral dissertation, MIT (1972).

## Comment:

Not in library collection; dissertations are good sources of both current thinking on the subject and exhaustive citations.

Collision of Urban Renewal with Zoning: The Boston Experience, 1950-1967. Unpublished doctoral dissertation. Harv. U. (1968).

#### Comment:

Same as above,

Fiscal-based exclusionary zoning ordinance invalidated as improper exercise of state public power. U. Tol. L. Rev. 7:341-68, Fall '75.

## Comment:

None.

Land use and zoning in an urban economy. William J. Stull. The Amer. Econ. Review. 64:337-347, June, 1974.

### Comment:

Economic modeling; for economists and, possibly, engineers.

Language of Zoning: a glossary of words and phrases. Michael J. Meshenberg. ASPO. Planning Advisory Service. No. 322, Nov. '76.

#### Comment:

Excellent, a good comparison to the land use inventory subject of this report.

Massachusetts zoning appeals law: first breach in the exclusionary wall. B.U. L. Rev. 54:37-77, Ja. '74.

#### Comment:

Adequate discussion of chapter 774, Zoning Appeals Law, popularly referred to as the "Anti-Snob Zoning Law."

New Zoning techniques for inner-city areas. Richard R. Babcock and John S. Banta. Planning Advisory Service. (entire issue), Dec., '73.

#### Comment:

None.

Realistic reexamination of rezoning procedure: the complementary requirements of due process and judicial review. D. Booth.Ga. L. Rev. 10:753-92, Spring '76.

# Comment:



Regulation of land use - symposium. In Real Prop. Prob. and Tr.J. 8:509-28, Fall '73.

# Comment:

None.

The administration of flexible zoning techniques, Planning Advisory Service (PAS), ASPO, No. 318, June '76.

## Comment:

None.

Zoning and the vested right to use property: there ought to be a right! ...., S219. 2 Pepperdine L. Rev., Spring '76.

### Comment:

Not on shelf.

Zoning Amendments and the doctrine of apparent fairness. Willamette L. J. 10:348-57, Summer '74.

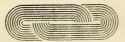
### Comment:

Good, but not really relevant in Massachusetts; also unworkable generally.



# SWCC Southwest Corridor Land Development Coalition, Inc.

27 Dudley Street Roxbury, Massachusetts 02119 (617) 427-0035



Supplemental Memorandum to "Institutional Development for the Southwest Corridor" (DCA Contract)

TO: David Entin, Administrator

FROM: Elbert Bishop

RE: Conclusions and Recommendations of the Study

DATE: June 29, 1977

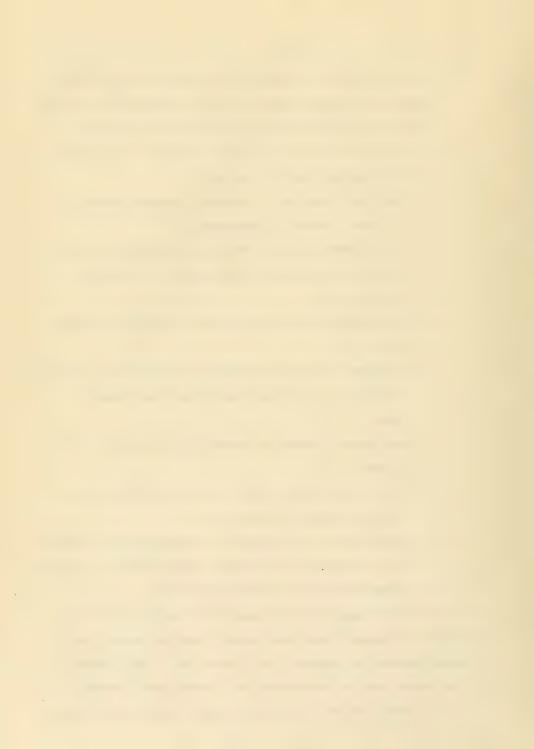
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The conclusions of this study are that a supermarket, junior department store and a commercial concessionaire are both market and financially feasible in the Dudley Station Shopping Area and that some elements of these and other associated, smaller commercial establishments can be programmed into Parcels 10 and 10% of the Southwest Corridor Development Plan (Summer 1974). The study goes further to indicate that land disposition for development, as in the case of the commercial development discussed here, will require a framework of land use implementation controls. Although the tailoring of such controls is beyond the scope of this study, a Primer of potentially applicable, but non-traditional, land use controls is provided as a catalyst to such further thinking. Neither of these elements of the study effort will come to fruition unless responsibility is taken by appropriate agencies and community organizations to move to implementation. A new commitment by the Massachusetts Bay Transportation Authority, The Department of Public Works, the Boston Redevelopment Authority, the Offices of the Governor and the Mayor should take the following forms:

A. To further implement the commercial redevelopment of Parcels 10, 10X and associated parcels, the Massachusetts Bay Transportation Authority, as the lead state agency, and the Boston Redevelopment Authority, as the local Planning authority should agree to:



- Jointly establish a community liaison process to determine and consolidate community support for further implementation. Staff assignments should be made and responsibilities delineated.
- A contract for services with respect to further implementation should be designed, and let, to cover:
  - Design and Execution of Interagency Agreements necessary to further planning and implementation,
  - Establishment of liaison with and determination of interest of Dudley area merchants in development of a commercial concessionaire,
  - Identification of public and private funding and investment sources,
  - d. Development of interest among private entrepreneurs, community development corporations, minority and local commercial banks,
  - e. Development of marketing, disposition and acquisition procedures.
  - f. Further exploration of public real estate subsidies, e.g., land write downs, tax holidays, etc.,
  - g. Identification of availability of expansion parcels, additional or alternative sites; propose public acquisition strategy,
  - h. Determination of actual construction costs.
- B. To further work begun here on a framework for land use controls consistent with the economic development agenda of existing community development groups and neighborhood stabilization goals of the Southwest Corridor communities, the Massachusetts Bay Transportation Authority should:
  - 1. Design and let a contract for further detailed legal studies



leading to recommendations on several alternative models to implementing development in the Corridor and providing land use management controls consistent with community redevelopment objectives.

2. Design and oversee implementation of a strategy and process for marketing Southwest Corridor redevelopment parcels, generally, consistent with community redevelopment objectives and providing for the participation of minority and community-based entreprenuers and development corporations, minority and community workers and contractors.

T.

- Establish a community liaison process through the Southwest
   Corridor working committees or neighborhood committees, as
   appropriate, to parallel the efforts undertaken under this contract.
- 4. The timing of this work should be such that the momemtum established in the Southwest neighborhoods around this current study will not be lost and to utilize community land use preferences based on Phase I of the Advanced Engineering of the Orange Line Relocation and Arterial Street.



## SWCC Southwest Corridor Land Development Coalition, Inc.

27 Dudley Street Roxbury, Massachusetts 02119 (617) 427-0035



#### MEMORANDUM

T0:

David Entin, Administrator Division of Social & Economic

Opportunity

FROM:

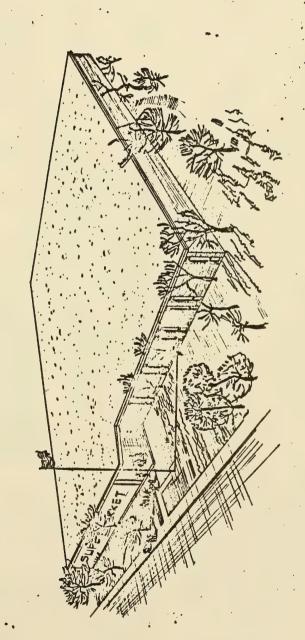
Elbert Bishop, Director
DCA Contract; Supplements, Amendments, and graphics RE:

DATE: July 14, 1977

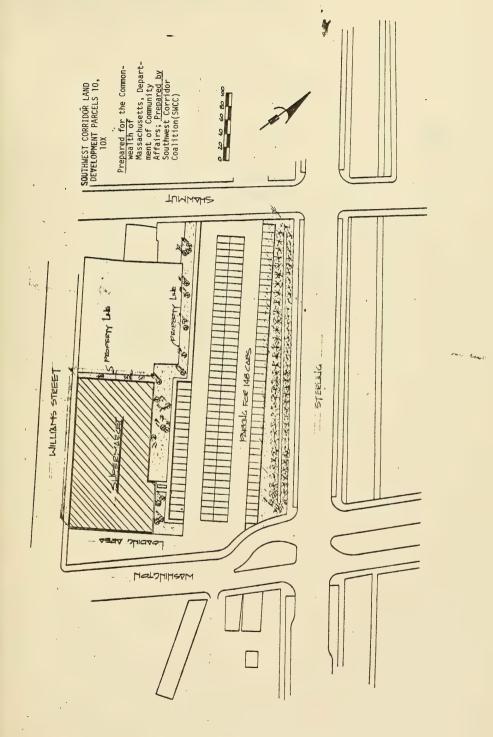
The attachements materials should be attached, as per instructions, to our prior submission to you of June 23, 1977, entitled "Institutional Development for the Southwest Corridor."



Prepared for The Commonwealth of
Massachusetts, Department of
Community Affairs; Prepared by
Southwest Corridor Coalition(SWCC)









Amendment: Under "Marketing Program" section, after p. 9, add pp. 10-26

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## Marketing Program

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## Marketing Program

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#### Economic Analysis

The commercial project should be able to generate about \$6.8 million in annual sales for Alternatives I and III, and about \$5.8 million in annual sales for Alternative II. This would increase sales of Dudley Square Stores over 50% (Table I).

Breakeven sales for the supermarket would be reached by 14 months, optimistically. Breakeven sales for the junior department store would be reached by 18 months, optimistically. And breakeven sales for the family clothing store would be reached by about 16 months, optimistically (Tables II-V, VII, VIII).



## Table I Estimated Annual Sales of Stores

Retail Category	Annual Sales
Supermarket National chain Local chain Independent	\$3,145K \$3,495K \$3,965K
Drug Store National chain Local chain Independent	\$550-685K \$590-880K \$385-465K
Junior Department Store National chain Local chain Independent	\$1,970K \$1,170K \$ 595K
Hardware National chain Local chain Independent	\$235-275K \$ 440K \$195-245K
Radio/TV National chain Local chain Independent	\$ 150K \$ 130K \$ 70-140K
Dry Cleaning National chain Local chain Independent	- \$ 60K \$ 30- 65K
Fast Food National chain Local chain Independent	\$105-210K \$ 80-165K \$ 65-130K
Family Wear National chain Local chain Independent	\$530 <b></b> 790K \$580 <b></b> 870K \$250 <b></b> 375K
Family Shoe National chain Local chain Independent	\$140-230K \$175-290K \$250-375K
Appliances National chain Local chain Independent	\$290-330K \$710-1,069K \$190-320K

Source: Dollars & Cents of Shopping Centers: 1975, Urban Land Institute, Washington, D.C., 1975



Table II
Fixed Costs of a Supermarket

As	a l	Perc	entag	e of	Sales

Expense	Fixed Cost	Variable Cost
Labor		10.52
Supply		.80
Rent	1.07	
Real Estate Tax	•23	
Advertising and Promotion		1.0.
Trading Stamps		.38
Insurance	.17	
Repairs and Maintenance		•37
Depreciation	-41	
Utilities		•78
Services Purchased		•23
Transportation		1.34
Security	•08	
Cash Over and Short		•03
Bad Check		•06
Other Operating Expenses		2.02
Total	1.96	17.05

Source: Marion, Donald R. (Associate Professor of Food Marketing), Supermarkets in the City, University of Massachusetts, 1976



#### Table III

#### Breakeven Sales of a Supermarket

Fixed Costs \$64K 1.96% x \$3256K = Income Gross Margin 20.54% less Variable (17.05%) Cost .93% Other Income less Income (.92%)Tax 3.5 % Net Income Breakeven Sales

 $$64K \div 3.5\% = $1,829K$ 

Time to Breakeven
\$1,829
\$1,572 x 12 months= 14months

Source: Marion, Donald R., Supermarkets in the City, University of Mass., 1976



Table V

Fixed Costs of a Junior Department Store

#### As a Percentage of Sales

Expense	Fixed Cost	Variable Cost
Labor		19.64
Advertising		2.35
Taxes		2.04
Supplies		2.23
Services Purchased		1.07
Unclassified		1.25
Travel		0.64
Communications		0.48
Pensions		1.07
Insurance	1.27	
Depreciation	1.25	
Professional Services		0.48
Donations		0.08
Bad Debts		0.29
Equipment Costs		0.19
Real Property Rentals	3.27	
Expense Transfers		0.00
Outside Revenue and Other Credits	•	(0.30)
Gross Operating Expense		37•.
less: Accounts Receiv	rable	0.41
Total	5.79	31.10

Source: Scher, Jay Financial and Operating Results of
Department and Specialty Stores of 1975,
National Retail Merchants Association, NY 1976



#### Table V.

#### Breakeven Sales of a Junior Department Store

Fixed Costs \$68K Large \$114K

Income

Gross Margin 39.52%
- Variable C (31.10)
Other Income 0.12
- Income Tax 0.89

Net Income 7.64%

Breakeven Sales \$885K \$1490K

Time to Breakeven 18 mo. 18 mos

Sources: Scher, Jay Financial and Operating
Results of Department and Specialty
Stores of 1975, National Retail
Merchants Association, NY 1976
1975-76 Annual Statement, Robert
Morris Associated, 1976



<u>Table VI</u>

Variable Costs of Junior Department Concessionary Store

	As a Percentage of Sales		
Expense	Fixed Cost	Variable Cost	
Labor		9.64	
Advertising		2.35	
Taxes		2.04	
Services Purchased		1.07	
Unclassified		1.25	
Travel		0.64	
Communications		0.48	
Insurance	1.27		
Depreciation	1.25		
Professional Services		0.48	
Equipment Costs		0.19	
Real Property Rentals	3.27		
Expense Transfers		0.00	
Outside Revenue and Other Credits		(0.30)	
Gross Operating Expense	5.79	17.84	
less: Accounts Receivable Handling Charges		0.41	
Total	5.79	17.43	

Source: Scher, Jay <u>Financial and Operating Results of</u>

Department <u>and Specialty Stores of 1975</u>,

National Retail Merchants Association, NY 1976



Table VII

Fixed Costs of a Family Clothing Store

#### As a Percentage of Sales

Expense	Fixed Cost	Variable Cost
Labor		21.04
Advertising		2.24
Taxes		1.84
Supplies		2.66
Services Purchased		0.40
Unclassified		1.02
Travel		0.58
Communications		0.64
Pensions		0.19
Insurance	1.02	
Depreciation	0.90	
Professional Services		0.53
Donations		0.10
Bad Debts		0.25
Equipment Costs	0.02	
Real Property Rentals	3.09	
Expense Transfers		0.00
Outside Revenue and ( Other Credits		0.00
less Accounts Receival Handling Charges	ble	0.20
Total	5403	31.29

Source: Scher, Jay Financial and Operating Results
of Department and Specialty Stores of 1975,
National Retail Merchants Association, NY,
1976



#### Table VIII

## Breakeven Sales of a Family Clothing Store

Fixed Costs 4.93% of \$867K

\$43K

Income

Gross Margin 38.17%
- Variable C (30.67%)
Other Income 0.63
- Income Tax

Net Income

\$594K

7.24%

Breakeven Sales
Time to Breakeven

16 months

Source: Scher, Jay <u>Financial and Operating</u>
Results of <u>Department and Specialty</u>
Stores of 1975, National Retail
Merchants Association, N.Y., 1976



#### Marketing Strategy

The marketing strategy of this project is to focus on the market gaps in the Dudley Square area in industries where development at a community level is feasible. With a declining trade area population, continued growth depends on increasing market share, requiring store development and merchandising sensitive to the changing needs of the trade area. Brand policy is crucial, requiring national chains to serve as anchors. Parking, a scarcity in the Dudley Square area, is a key attractive tool.

Joint development with the new Dudley Square transit station was rejected because start-up time would be pushed back too far into the future.



<u>Table IX</u>

Sales and Advertising Promotional Budget

	Medium	Large
Supermarket ·	\$25.4K	\$28.8K
Junior Department Store	\$42.1K	\$80.0K
Total Promotional Budget	\$67.5K	\$108.8K

Source: Earle, Wendell Operating Results of Food Chains 1975-76, Cornell University, 1976

Scher, Jay Financial and Operating
Results of Department and Specialty
Stores of 1975, National Retail Merchants
Association, NY, 1976



# Table X Advertising Budget for Alternative III

Supermarket	\$29K
Junior Concessionary Store (2.35% x \$1.97M)	\$46K
Secondary Stores (\$.15 x 20K sq ft)	\$ 3K
Total Advertising Budget	\$78K



#### Marketing Program

The alternatives for the commercial complex have been explained already (Tables XI-XIII). In addition, the sales and promotion program, the shopping center management, the real estate development and leasing arrangements, and the potential construction firm have been discussed elsewhere. And the support programs, for ex., the use of SBA management, accounting and financing programs, would be valuable supports to provide adequate management of each individual store.



#### Table XI

## Alternative I: The Most Difficult

Parcel 10: Food Complex 15-20,000 square feet (GLA)

Supermarket

National chain 14,000

Local chain 11,000 or more

Drug Store

National chain 10,000 Local chain 8-9,000

Independent 5-6,000

Parking 10-5,000

Parcel 10X: Soft/Hard Goods Complex 55,000 square feet (GLA)

Junior Department Store
National chain 40,000

Hardware

National chain 6-7,000 Local chain 8,000

Independent 4-5,000

Radio/TV (optional)

National chain 2,000 Local chain 2,000

Independent 1-2,000

Dry Cleaning

Local chain 2,000 Independent 1-2,000

Fast Food

National chain 1-2,000 Local chain 1-2,000 Independent 1-2,000

Parking 45,000



# Table XII

## Alternative II: The Most Conventional

Parcel 1	10:	Food Complex		30,000	square	feet	(GLA)
		Supermarket National chain Local chain	20 <b>-</b> 24 <b>,</b> 000 22 <b>-</b> 24 <b>,</b> 000				
		Drug Store Local chain Independent	6- 8,000 5- 6,000				
Parcel 1	OX:	Soft/Hard Goods Comp	lex	45,000	square	feet	(GLA)
		Family Wear National chain Local chain	10-15,000 8-12,000				
		Family Shoe National chain Local chain	3- 5,000 3- 5,000				
		Hardware National chain Local chain	6- 7,000 7- 8,000				
		Appliances (optional National chain Local chain	7- 8,000 8-12,000				
		Radio/TV (optional) National chain Local chain	2,000				
		Dry Cleaning Local chain Independent	2,000 1- 2,000				
		Fast Food National chain Local chain	1- 2,000 1- 2,000				

55,000

Parking



#### Table XIII

#### Alternative III: The Most Innovative

Parcel 10: Food Complex 15-20,000 square feet (GLA)

Supermarket\*

National chain 14,000

Local chain 10,000 or more

Drug Store

Local chain 8-9,000 Independent 5-6.000

Parking 10-5,000

Parcel 10X: Soft/Hard Goods Complex 50,000 square feet (GLA)

Junior Department Concessionary

Store

Independent 40.000

Hardware

National chain 6-7,000 Local chain 6-7,000 Independent 4-5,000

Dry Cleaning

Local chain 2,000 Independent 1-2,000

Fast Food

National chain 1-2,000 Local chian 1-2,000 Independent 1-2,000 Parking 50.000

<sup>\*</sup>Figures confirmed through discussions with local chain store management.



Amendment: Under "Marketing Feasibility Analysis" section; after p. 20, add pp. 21, 22, 23.

- 21 -

Appendix	I: Comparison of Dudley Square Sales to National
	sales Advantages /IN THOUSANDS (000) /
	National

	Small size	Medium size	Dudley Square
Supermarkets			
National chain	1,914	2,685	2000
Local chain	1,551	3,146	
Independent	1,182	2,590	1-2,200
Specialty food			50→100
National chain	64.2	147	
Local chain	98.1	174	
Independent	22.6	85	
Bakeries			
National chain			
Local chain	37.2	<b>7</b> 0	
Independent	30.6	82	
Fast food			50-100
National chain	63	186	
LOcal chain	55	143	
Independent	27	64	
Cocktail Lounge			
National chain			
Local chain			
Independent	53	150	
Dept Store/Discount Store			
National chain	792	4,125	
Local chain	646	2,013	
Variety Store			
National chain	266	691	500
Local chain	135	364	
Independent	64	203	
Famlily Wear			
National chain	61	380	50-350
Local chain	111	358	
Independent	46	186	
Family Shoe			
National chain	115	170	50-250
Local chain	102	160	



Furniture			
National chain	259	462	
Local chain	122	671	
Independent	238	809	440
Radio/TV/HiFi			
National chain	108	163	
Local chain	76	127	
Independent	44	116	165
Hardware			
National chain	139	265	
Local chain	126	442	
Independent	81	234	85
Records/Tapes			
National chain	46	143	
Local chain	27	143	
Independent	14	82	150
Drugs			
National chain	350	699	
Local chain	368	843	
Independent	103	401	150-300
Liquor/Wines			
National chain	186	346	
Local chain	201	428	
Independent	108	227	50-200
Beauty Shop			
National chain			
Local chain	34	51	
Independent	34	61	50
Barber Shops	•		
National chain			
Local chain	10.1	23.0	
Independent	17.9	29.6	20
Cleaners			
National chain			
Local chain	22.8	60.6	50
Independent	32.8	65.5	50



# Appendix 2: Interim Census Population Projections

Community (by voting district)	1971	<b>197</b> 5	Rate of Change (1971 = 100%)
South End Roxbury	23,243	24,688 62,813	196.2%
North Dorchester Back Bay	33,782 25,862	31,991 29,553	94.7% 114.3%

Source: State Census of Population - Headcount by Wards and Precincts, Commonwealth of Massachusetts, 1975



Amendment: Under "Financial Program" section, substitute for p. 4, "Estimated Construction Costs."

Table I

Estimated Construction Costs

	Small	Med	Large
Total Equity Requirements	\$460K	\$560K	\$880K
X Construction Cost Factor (=15%)	\$390K	\$480K	\$750K
Initial Equity (Available)	\$200K	\$200K	\$200K
Additional Equity Required to Cover start of Construction	\$190K	\$280K	\$550K

Source: Garn, Harvey A., Nancy L. Tevis, and Carl E. Snead,

Evaluating Community Development Corporations - A

Summary Report, Urban Institute, Washington, D.C., 1976

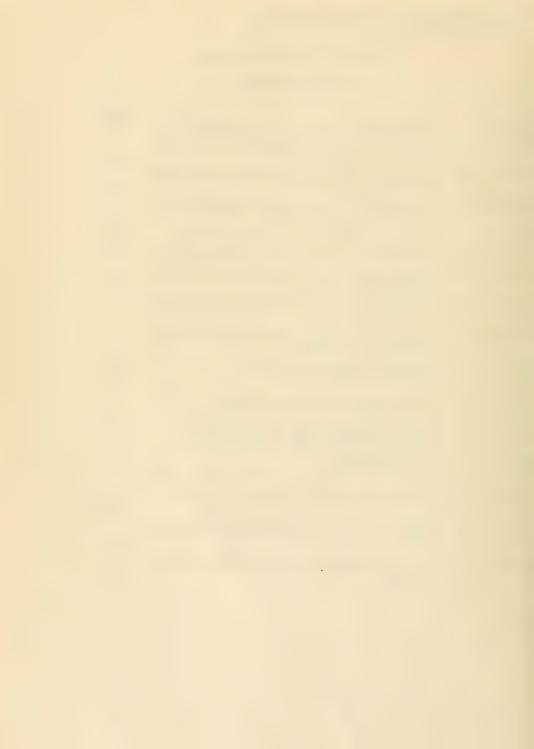


Supplemental Appendices: Background material for Marketing Analysis

## Appendices to Marketing Analysis

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## Appendices to the Market Feasility Analysis



## Table A I

# Population and Income: 1970

Trade Area				To					
	ensus ract	Pop.	Under \$2.999	\$3,000- \$5,999	\$6,000- \$8,999	\$9,000- \$11,999	\$12,000- \$14,999		mediam r family income
Primary	0803	3,285	148	243	109	110	62	39	5,532
	0804	1,626	100	157	60	49	4	3	4,388
	0805	1,427	100	102	52	41	10	7	4,850
	080 <b>5</b>	1,889	132	149	108	31	26	15	4,849
	0807	528	35	18	11	5	8	13	5,272
	0808	1,432	83	131	42	30	15	21	4,473
	0816	1,049	38	32	67	48	9	17	7,574
	0817	4,727	197	296	230	164	105	94	6,625
		maggerele republicate	makeribasere		music renteres	Muslim goage	Productived:	-	description of the coloradorness.
Secondary	0103	3,056	73	81	47	26	10	13	4,647
2000110.042,4	0708	2,305	110	107	76	68	32		5,824
	0709	2,120	37	163	81	32	_	19	5,468
	0710	1,369	24	42	55	6	1.9	12	6,464
	0711	725	11	16	11	8	7		7,545
	0802	1,383	109	110	103	72	44	17	6,266
	0812	5,048	343	384	141	136	48	40	4,099
	0813	4,048	144	236	193	154	104	59	6,851
	0814	2,419	122	114	97	84	36	29	6,075
	0815	2,906	87	149	151	83	68	77	7,437
	0818	3,811	156	259	155	151	53	82	6,276
	0819	4,191	137	203	280	167	86	85	7,466
	0820	3,537	109	153	208	199	102	69	8,152
	0821	5,523	274	353	302	222	126	115	6,460
	0902	1,792	133	219	90	59	34	41	5,205
	0903	2,557	227	149	123	167	<b>7</b> 3	33	6,189
	0904	1,964	73	128	150	77	70	27	7,944
	0905	1,747	110	175	68	57	40	42	4,969
	0906	2,602	168	182	122	89	52	35	5,720
	0913	2,185	130	136	176	113	72	33	7,405
	0914	2,434	112	200	177	92	74	76	6,575
			and the same of	and and the same		-			

Source: State Census of Population: Headcount by Wards and Precincts,



Factors:

### Table A II

Population and Income Projections: 1980 Core Decline (1973 \$)

100's 51,300/54,000 = .95

					\$12,000- \$14,999	\$15,000 and over	
tract Pop.	\$2,999	<u>\$5999</u>	\$8999	\$11,999	\$14,999	and over	

tract	Pop.	\$2,999	<u>\$2999</u>	<u>\$0999</u>	\$11,999	014,999	and over	
Primary	Trade A	lrea						
0803	2792	126	207	93	94	53	33	
0804	1382	85	133	51	42	3	3	
0805	1213	85	86	44	35	9	6	
0806	1606	112	127	92	26	22	13	
0807	449	30	15	9	4	7	11	
0808	1217	71	111	36	26	13	18	
0816	892	32	27	57	41	8	14	
0817	4018	167	252	196	139	89	80	
Seconda	ry Trade	Area						
0103	2903	69	77	45	25	9	12	
0708	2305	110	107	76	68	32	28	
0709	2120	37	.163	81	32	_	19	
0710	1369	24	42	55	6	19	12	
0711	725	11	16	11	8	7	13	
0802	1176	93	94	88	61	37	14	
0812	4291	292	326	120	116	41	34	
0813	3441	122	201	164	131	88	50	
0814	2056	104	97	82	71	31	25	
0815	2470	74	127	128	71	58	65	
0818	3239	133	220	132	128	45	70	
0819	3562	116	173	238	142	<b>7</b> 3	<b>7</b> 2	
0820	3006	93	130	177	169	87	59	
0821	4695	233	300	257	189	107	98	
0902	1613	120	197	81	53	31	37	
0903	2300	204	134	111	150	66	30	
0904	1768	66	115	135	69	63	24	
0905	1572	99	158 164	61	51 80	36 47	38	
0906	2342	151	104	110	102	47 64	31	
0913 0914	1967 2191	117 101	180	158 159	83	64 66	<b>30</b> 69	
0714	C171	101	100	エフフ	03	00	07	

Sources: State Census of Population - Headcount by Wards and Precincts, Commonwealth of Massachusetts, 1975

1970 Census of Population and Housing Summary

Data, United Community Services, Research Dept.,

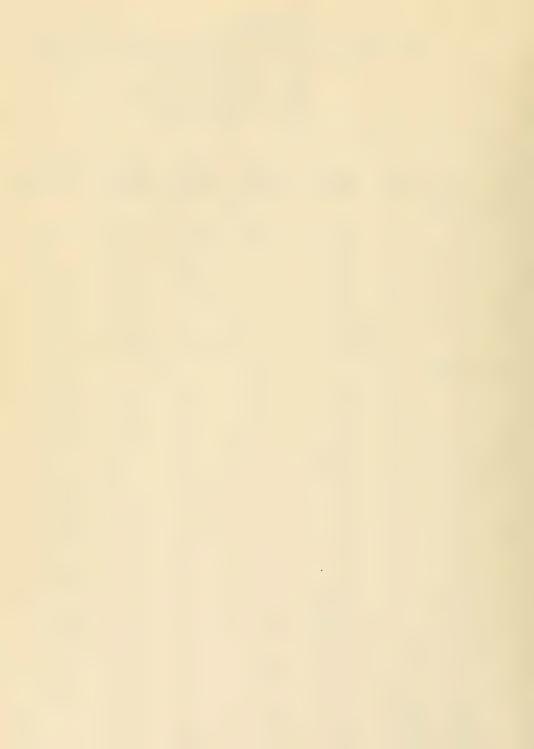
Massachusetts, 1971



## Table A III

## Population and Income Projection: 1980 Trends Extended (1973 \$'S)

		Populati	on and Inco	me Proje			ds Extended()	973 \$'S)
			Factors:	100°S	54,000/5			
				700°S	22,900/2		_	.96
				800°s	61,300/6	-		
				900 <b>°</b> S	86,800/90	,800=	•96	
Census Tract	Pop.	Under \$2,999	\$3,000- \$5,999	\$6,0 \$8,9	999 \$	0,000 <u>-</u>	\$12,000- \$14,999	\$15,000 and over
Primary !	Prade Are	<u>a</u>						
0803	3,196	144	236	106	5 :	107	60	38
0804	1,582	97	153	58	3	48	4	3
0805	1,388	97	99	51		40	10	7
0806	1,838	128	145	105	;	30	25	15
0807	514	34	18	11	!	5	8	13
3080	1,394	81	127	41	L.	29	15	50
0816	1,021	37	31	65	5	47	9	17
0817	4,599	192	288	224		160	102	91
Secondar	v Trade A	lrea						
0103	3,056	73	81	47	7	26	10	13
0708	2,189	105	101	72	2	64	30	26
0709	2,014	35	154	76	5	30	-	18
0710	1,098	23	39	52	2	5	18	11
0711	1,300	10	15	10	)	8	6	12
0802	1,342	106	107	110	)	70	43	17
0812	4,897	333	372	136	7	132	47	39
0813	3,958	141	231	286	5 :	151	102	57
0814	2,365	120	119	94	1	82	35	28
0815	2,842	85	146	148	3	81.	66	<b>7</b> 5
0818	3,727	153	253	152		148	52	80
0819	4,065	133	197	272	2	162	84	83
0820	3,425	106	148	202	?	195	<b>9</b> 9	67
0821	5,357	268	342	19	3	216	122	132
0902	1,720	128.	711 -	86	<b>5</b> .	15 <b>7</b> ,	33	39
0903	2,453	218	141	116	5 '	159	70	1 32
0904	1,855	70	123	142	2	74	67	26
0905	1,677	106	168	66	5	55	39	41
					_	0-	F 0	2.2

  2,500 2,098 2.337  

Sources: State Census of Population - Headcount by Wards and Precincts, Commonwealth of Massachusetts, 1975

1970 Census of Population and Housing Summary

Data, United Community Services, Research Dept.,

Massachusetts, 1971



Table AIV

Population and Income Projections: 1980 Core Intensive (1973 \$'S)

100'S 59,400/54,000=1.11 Factors:

700'S 24,955/21,700=1.15

800'\$ 65,199/63,300=1.03

av.g=1.06

900's 93,524/190,800=1.03

Census Tract	Pop.	Under \$2,999	\$3,000- \$5,999	\$6,000- \$8,999	\$9,000- \$11,999	\$12,000- \$14,999	\$15,000 and over
Primary							
6303	3,483	157	258	115	116	66	41
0804	1,725	106	167	64	53	4	3
0805	1,514	106	108	56	43	10	7
0806	2,004	140	158	114	33	28	15
0807	560	37	20	11	5	8	13
0808	1,520	88	139	45	32	16	22
0816	1,112	40	34	71	50	9	17
0817	5,015	209	314	244	174	111	100
-			i.	and the second s		mage-reproductive-rep	
Secondar	<u>cy</u>						
0103	4,370	104	116	67	37	14	19
0708	2,651	127	123	87	78	37	32
0709	2,438	43	187	93	37	-	22
0710	1,574	28	48	63	7	22	14
0711	834	12	18	12	9	8	14
0802	1,466	116	117	109	76	47	18
0812	5,199	364	407	149	144	51	42
0813	4,291	153	250	205	163	110	63
0814	2,564	129	121	103	89	38	31
0815	3,080	92	158	160	88	72	82
0818	4,040	165	275	164	160	56	87
0902	1,900	137	226	<b>9</b> 3	61	35	42
0903	2,708	234	157	127	172	75	43
0904	2,082	<b>7</b> 5	131	155	80	73	28
0905	1,852	113	180	71	59	41	43
0906	2,680	173	187	126	92	54	26



	-			-	-		
0821	5,689	279	361	311	229	130	118
0820	3,643	112	158	214	205	105	71
0819	4,317	141	209	289	172	88	87
0914	2,580	115	206	182	95	77	79
0913	2,316	134	140	181	116	<b>7</b> 5	34

Sources: State Census of Population - Headcount by Wards and Precincts, Commonwealth of Massachusetts, 1975

1970 Census of Population and Housing Summary Data,
United Community Services, Research Dept.,
Massachusetts, 1971



#### Table AV

## Matching of BTPR\* Tracts with Census Tracts

South End: 708, 709, 710, 711

Back Bay: 103

Roxbury North: 803,804,805,806,807,814,816,817,818

Roxbury South: 813, 815, 819, 820, 821

Roxbury West: \(\frac{1}{2}(808)\), 812

Over-Sample

Area North: 802,905, 906, 913, 914

Over-Sample

Area South: 902, 903, 904

Source: 1970 Census of Population and Housing Summary

Data, United Community Services, Research
Dept., Mass., 1971

Special Mobility Study, Circle Development
Corp., Mass., 1972



- A-8 Table AVI\_

## Population and Income: 1970

Trade Area	Pop.	Under \$2,999	\$3,000 <b>-</b> \$5,999	\$6,000- \$8,999	\$9,000- \$11,999	\$12,000- \$14,999	\$15,000 end ov
So. End (part)	6,519	182	328	223	114	58	72
Back Bay (part)	3,056	73	81	47	26	10	13
Ro. No.	19,856	1,027	1,369	889	682	313	298
Rox. S.	20,205	751	1,094	1,134	825	486	405
Rox. W.	6,480	426 .	<b>51</b> 5	183	166	63	61
OA NO.	10,351	629	883	646	423	282	203
OA S.	6,311	433	496	363	303	177	101
Total	72,778	3,521	4,766	3,485	2,539	1,389	1,153

Sources: State Census of Population - Headcount by Wards and Precincts, Commonwealth of Massachusetts, 1975

1970 Census of Population and Housing Summary

Data, United Community Services, Research Dept.,

Massachusetts, 1971



Table A VII

Population and Income Projections: 1980 Core Decline (1973 \$'s)

Trade Ares	Pop.	Under \$2,999	\$3,000- \$5,999	\$6,000 <b>-</b> \$8,999	\$ 9,000- \$11,999	\$12,000- \$14,999	\$15,000 and over
South End	6,519	182	328	223	114	58	62
Back Bay	2,903	69	77	45	25	9	12
Roxbury N	13,535.	832	1175	833	581	336	274
Roxbury S	17,174	638	931	964	702	413	344
Roxbury W	5,508	363	437	156	142	54	52
OA North	9,208	561	718	• 576	377	250	182
OA South	5,681	380	446	327	272	160	91
						-	
TOTAL	60,568	3035	4112	3124	2213	1274	1017

Sources: State Census of Population - Headcount by Wards
and Precincts, Commonwealth of Massachusetts, 1975
1970 Census of Population and Housing Summary
Data, United Community Services, Research Dept.,
Massachusetts, 1971



Table A VIII

Population and Income Projections: 1980 Trend Extended(1973 \$'S)

	101	paravron ca		10,00010000	1/00 110	The Procession	-713 4 -21
Trade Are	a Pop.	Under \$2,999	\$3,000- \$5,999	\$6,000- \$8,999	\$9,000- \$11,999	\$12,000- \$14,999	\$15,000 and over
So. End	6,601	173	209	210	107	54	67
Back Bay	3,056	73	81	47	26	10	13
Rox. No.	20,314	1,006	1,348	869	668	305	292
Rox. S.	15,721	<b>73</b> 3	1,664	1,201	803	473	394
Rox. W.	9,261	414	499	178	161	62	59
OA. No.	9,954	607	773	622	407	270	196
0A. So.	7 <b>,7</b> 05	416	477	344	290	170	97
Total	69,336	3,414	4,473	3,367	2,462	1,344	1,118

Sources: State Census of Population - Headcount by Wards and Precincts, Commonwealth of Massachusetts, 1975
1970 Census of Population and Housing Summary
Data, United Community Services, Research Dept.,
Massachusetts, 1971



- A-11 -Table A <u>IX</u>

Population and Income Projections: 1980 Core Intensive (1973 \$'S)

Trade Area	Pop.	Under \$2,999	\$3,000- \$5,999	\$6,000- \$8,999	\$9,000- \$11,999	\$12,000- \$14,999	\$15,000 and over
So. End	7,497	210	376	255	131	67	82
Back Bay	4,370	104	116	67	37	14	19
Rox. No.	23,538	1,176	1,592	987	762	348	339
Rox. So.	21,020	777	1,136	1,179	1,034	505	421
Rox. W.	6,719	452	542	194	194	67	64
OA No.	10,894	651	830	669	438	294	240
OA So.	6,690	446	514	3 <b>7</b> 5	313	193	104
Total	80,728	3,816	5,110	3,726	2,910	1,488	1,269

Sources: State Census of Population - Headcount by Wards and Precincts, Commonwealth of Massachusetts, 1975
1970 Census of Population and Housing Summary
Data, United Community Services, Research Dept.,
Massachusetts, 1971



Table A X

Consumption Expenditure Factors
(as a % of Average Total Consumption)

Retail Category	Av.	Under \$2999	\$3000 <b>-</b> \$5999	\$6,000- \$8,999	\$9,000- \$11,999	\$12,000- \$14,999	\$15,000 and over
Supermarket	.17	.20	.21	.18	.18	.16	.16
Restaurant	.021	.011	.015	.019	.023	.023	.024
Liquor	.010	.007	.008	•009	•009	.010	.010
Dry cleaning	.066	.010	•008	.008	.007	•005	.005
Junior Dept St.	.040	.032	•034	.038	.039	•039	.045
Family Apparel	.050	.032	.037	.038	.047	.047	•055
Household							
Furnishings	•033	.023	.026	.030	•033	.034	•037
Furniture	.025	.017	.020	•023	.026	.021	.028
Hardware	.011	.008	.008	.010	.011	.011	•013
TV Drugs	.0064	.0061	.0070 .022	.0072 .019	.0062 .019	.0069 .016	.0061 .016

Sources:

Average Annual Expenditures for Commodity and Service Groups
Classified by Nine Family Characteristics, 1972 and 1973, Consumer

Expenditure Survey Series: Interview Survey, 1972 and 1973, U.S.

Department of Labor, Bureau of Statistics, Report 455-3, 1976; 1961 Consumer Survey, U.S. Department of Labor, Bureau of Statistics.



Table A XI
Total Consumption: 1970 (in 1973 \$ 000's)

	Under \$2,999	\$3000 <b>-</b> \$5999	\$6,000- \$8,999	\$9,000- \$11,999	\$12,000- \$14,999	\$15,000 and over	Total
Total consumption	\$5,282	\$21,447	\$26,138	\$26,660	\$18,752	\$20,178	\$118,457
Retail Category							
Supermarket	1,056	4,504	4,705	4,799	3,000	3,228	21,292
Fast Food	58	322	497	613	431	484	2,405
Liquor	37	172	235	240	188	202	1,075
Dry Cleaning	53	214	209	187	167	192	1,377
Junior Departmen						000	4 550
Store	169	729	993	1040	731	908	4,570
Family Wear	169	794	<b>9</b> 93	1253	881	1,110	5,200
Household							
Furnishings	121	558	784	880	638	747	3,728
Furniture	90	429	601	693	394	585	2,79?
Hardware	58	171.	261	293	206	262	1,251
TV	32	150	201	165	129	123	801
Drugs	110	472	496	507	300	323	2,287

Sources: Average Annual Expenditures for Commodity and Service
Groups Classified by Nine Family Characteristics,
1972 and 1973, Consumer Expenditure Survey Series:
Interview Survey, 1972 and 1973, U.S. Department of
Labor, Bureau of Statistics, Report 455-3, DC, 1976
1961 Consumer Survey, Department of Labor, Bureau
of Statistics, Washington D.C., 1962

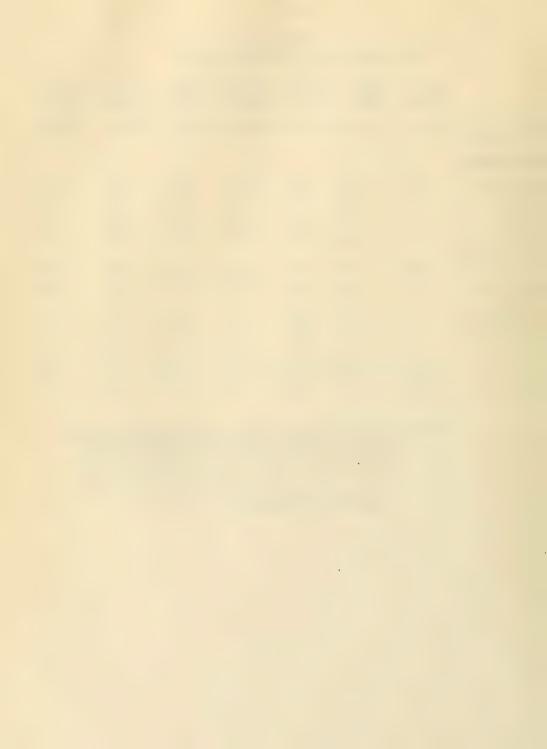


Table A XIX

Total Consumption: 1980 Core Decline (1973 \$ 000's)

	Under \$2999	\$3000 <b>-</b> \$5999	\$6000 <u></u> \$8999	<b>\$9,000-</b> <b>\$11,999</b>	\$12,000- \$14,999	\$15,000 and over	Total
Total consumption	4,553	18,504	24,430	23,237	17,199	17,789	104,711
Retail Category							
Supermarket	911	3,886	4,217	4,183	2,752	2,846	18,795
Restaurant	50	2 <b>7</b> 7	445	534	396	427	2,129
Liquor	32	148	211	209	172	178	950
Dry cleaning	73	259	305	256	153	169	1,215
Junior Department Family Apparel	146 146	685 685	926 928	906 1,092	671 808	800 978	4,136 4,158
Household Furnishing	105	481	732	767	585	658	3,328
Furniture	77	370	562	604	361	498	2,472
Hardware	30	148	244	256	189	231	1,098
TV	28	130	176	144	119	109	706
Drugs	96	407	464	442	275	285	1,968

Sources: Average Annual Expenditures for Commodity and Service
Groups Classified by Nine Family Characteristics,
1972 and 1973, U.S. D.O.L., Washington, 1976
1961 Consumer Survey, U.S. D.O.L., Washington D.C.



Table A XIII

Total Consumption: 1980 Trends Extended (1973 \$ 000's)

	Under \$2999	\$3000 <b>-</b> \$5999	\$6000 <b>-</b> \$8999	\$9000- \$11,999	\$12,000- \$14,999	\$15,000 and over	Total
Total consumption	5,127	20,147	25,268	25,841	18,144	19548	114,075
Retail category							
Supermarket	1,025	4,231	4,538	4,651	2,903	3128	20,486
Restaurants	156	302	480	594	417	469	2,318
Liquor	36	161	227	233	181	195	1,033
Dry cleaning	82	282	328	284	161	186	1,323
Junior Department							
Store	205	685	960	1008	708	880	4,446
Family Wear	256	745	960	1215	853	919	4,948
Household							
Furnishings	118	524	758	853	617	723	3,593
Furniture	87	403	581	672	381	547	2,671
Hardware	41	161	253	284	200	254	1,193
<b>TV</b> .	31	141	195	160	125	119	771
Drugs	108	442	480	491	290	313	2,125

Sources: Average Annual Expenditures for Commodity and Service Groups Classified by Nine Family Characteristics, 1972 and 1973, U.S. D.O.L., Washington, D.C., 1976 1961 Consumer Survey, U.S. D.O.L., Washington, D.C.



Table A XIV

Total Consumption: 1980 Core Intensive (1973 \$ 000's)

	Under \$2,999	\$3,000 <u></u> 5999	\$6000 <u></u> \$8999	\$9,000- \$11,999	\$12,000- \$14,999	\$15,000 and over	Total
Total consumption	5,724	22,995	27,945	30,555	20,088	22,208	129,515
Retail Category							
Supermarkets	1,145	4,829	5,030	5,500	3,214	3 <b>,5</b> 53	23,271
Fast foods	63	345	531	<b>7</b> 03	462	533	2,637
Liquor	40	184	252	275	201	222	1,174
Dry cleaning	92	322	363	336	179	211	1,503
Junior Department					-0.		
Store	183	781	1,062	1,092	783	<b>9</b> 99	4,900
Family Apparel	183	851	1,062	1,436	944	1,221	5,697
Household							
Furnishings	132	598	838	1,008	682	821	4,079
Furniture	97	460	643	794	422	622	3,038
Hardware	46	184	2 <b>7</b> 9	336	221	289	1,355
TV	35	161	201	189	139	135	860
Drugs	120	506	531	581	321	355	2,414

Sources: Average Annual Expenditures for Commodity and Service
Groups Classified by Nine Family Characteristics, 1972
and 1973, U.S. D.O.L., Washington, D.C., 1976
1961 Consumer Survey, U.S. D.O.L., Washington, D.C.



## Table A XV Existing Business

Food Stores			
Washington Fruit	\$	100K	e
Puritan Bakery Products		100	е
Limbo and Home of the Limbo		150	е
Quentin Market		100	е
Tropical Foods		440	
Los Antillas		100	е
Blair's	2	,000	
Herbert Brown		140	
Clinton Provisions		450	
	\$3	,560K	-
Fast Foods/Restaurants			
Spinale's Sub Sandwiches Take-out		50K	е
Max's Pizza		100	е
Joe's Famous Steak Submarines		150	e
Ronnie's Famous Steak and Onion Submarines		100	е
Joe and Nemo's Hot Dog Kings		100	е
Eddie Parker's Fried Clams and Chicke	en	100	
Ugi's Steak and Sub Shop		100	e
Peking House		50	
Silver Slipper		45	е
	\$	770K	-
Department Stores			
Robbell's Self Service Department			
Store	- {	250K	е
	\$	250K	_



Gasoline Stations		
Amoco Station	\$150K	
Gulf Station	\$150K	e
	\$300K	
Auto Repair/Supplies/Body Shop		
Palladium Motors and Co.	\$ 40K	
R and F Auto Body	\$ 45	
	\$ 85K	
Liquor Stores/ Bars		
Dudley Liquor Co., Inc.	\$200K	
New Party Cafe	100	
Patio Lounge	100	е
Giant Liquor/ Cheesecask	200	
Mickey's Lounge	100	
Kim Kaps	100	e
Water's Latina Liquor and Grocery Store	100	е
Clover Pub	100	е
El Plaza Cafe	100	Ю
Disco	100	е
Highland Tap	100	e
Steve's Tavern, Inc.	100	е
	\$1,350K	
Dry Cleaning		
Nat's Hat Cleaning & Shoe Shine	\$50K	е
Trapp 'n' Sons 3 Hour Cleaning	50	е
1 Hour Martinizing	50	е
	\$150K	

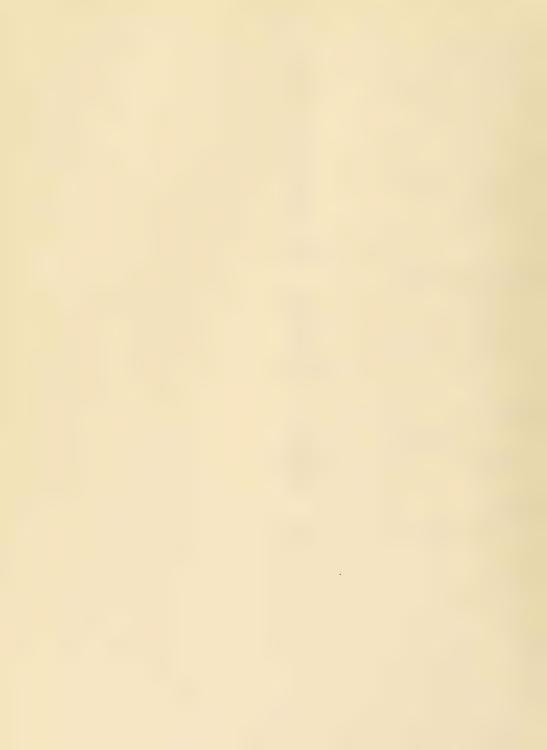


\$ 84K

Pa	mily Wear		
	Norwood Shoes	\$120K	
	Wynotte	\$350K	
	Custom City Tailor	\$ 50K	
	Talk of the Town	\$ 50K	
	Hat Shop	\$250K	
	Men's Bargain Center	\$250K	
	Gemini	\$195K	
	Royce Specialty Shops	\$ 95K	
	Shoeshelf	\$ 50K	
	Norwood Shoes	\$120K	
		\$1,530K	
Ιo	usehold Furnishing		
	Woolworth's	\$500K e	
	Brummitt-Kelly Co.	\$500K	
	Brand D Wallpaper	\$1,600K	
	Christi, Frank and Sons	\$ 90K	
	·	\$2,690K	
u	rniture		
	Bury Upholstory Shop	\$100K e	
	Ferdinand Frank, Inc.	\$440k	
	Don Mar Co.	\$200K	
		\$740K	

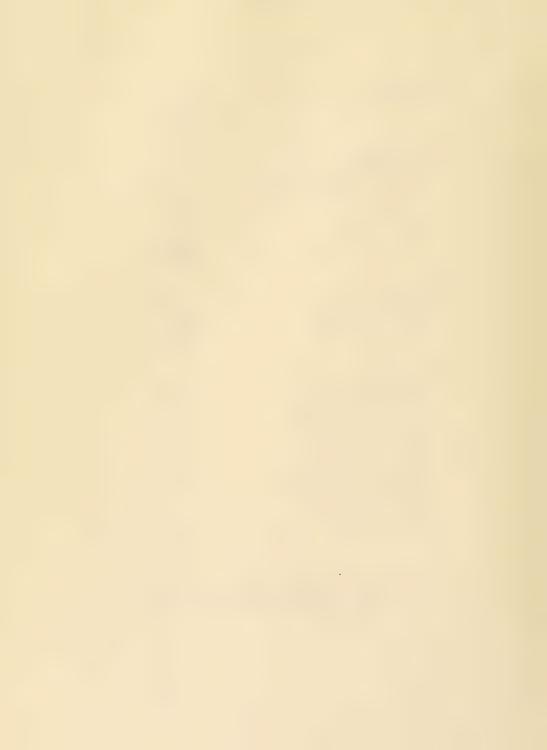
Hardware

W. Bowman Cutter, Inc.



Radio and TV			
National Radio & TV Shop	\$	165K	
	\$	165K	
Other Recreation			
Skippy White's Records	· e	100K	
	<b>4</b> P	LOOK	
Cornbread's Aquarium Terrarium Supplies		25	
Pan Am Records		50	
Nubian Notion		110	
	\$:	285 <b>K</b>	'
Drug Stores			
Drury's Pharmacy	\$	150K	
Kornfield A., Inc.	8	300	
	\$4	450K	
Beauty Shops			
Annabe Beauty Shoppe	\$	50 <b>K</b>	е
Drain's House of Style		50	e
James Barber Shop	\$	20	
Jan's Beauty Salon		50	е
Marshall's Coiffures		50	e
Progressive Barber Shop		20	
Skylark Men's Salon		20	
Talk of the Town		50	
	\$	310K	

Sources: Market Indicators, Dun & Bradstreet, 1973
Yoneoka, Elaine, Survey of Businesses,
January 1977



## Table A XVI Projection of Business of Existing Stores (1980)

## Factor: 5% growth

Retail Category	Total Sales (000's)
Supermarket	4,797
Fast Food	1,032
Liquor	1,562
Dry cleaning	201
Junior Department Store	350
Family Apparel	2,145
Household Furnishings	3,720
Furniture	1,036
Hardware	117
TV, radio	221
Drugs	603

Sources: Market Indicators, Dun & Bradstreet, 1973 Yoneoka, Elaine, Survey of Businesses, January 1977



Table A XVII

Projected Unsatisfied Consumption in 1980 (1973 \$000's)

Retail Category	Core Decline	Trends Extended	Core Intensive
Supermarkets	13,998	15,689	18,477
Fast Foods	1,097	1,286	1,605
Liquor	-	-	-
Dry Cleaning-	1,014	1,122	1,302
Junior Department Store	4,331	3,786	4,650
Family Wear	2 <b>,7</b> 97	2,436	3,552
Household Furnishings	-	-	359
Furniture	1,436	1,635	2,002
Hardware	981	1,076	1,238
TV, Radio	485	550	639
Drugs	1,365	1,522	1,811

Sources: Average Annual Expenditures for Commodity and
Service Groups Classified by Nine Family
Characteristics, 1972 and 1973, U.S. D.O.L.,
Washington, D.C., 1976
1961 Consumer Survey, U.S. D.O.L., Washington, DC



## Table A XVIII Market Feasibility: 1980 Trends Extended

	Square Feet	Number of Stores
Retail Category	(000's)	Median Size
Supermarkets		
National chain	120	1
Local chain	110	5
Independent	97	many
Fast Food		
National chain	12	many
Local chain	16	many
Independent	20	many
Dry Cleaners		
National chain	NA	NA
Local chain	37	many
Independent	34	many
Junior Department Store		
National chain	77	2
Local chain	65	3
Independent	95	many
Family Wear		
National chain	53	many
Local chain	42	many
Independent	43	many

Hardware		
National chain	27	4
Local chain	19	2
Independent	22	5



TV, Radio		
National chain	2	1
Local chain	9	4
Independent	8	4
Drugs		
National chain	22	2
Local chain	16	1
Independent	20	-3

Source: Dollars & Cents of Shopping Centers: 1975, Urban Land Institute, Washington, D.C., 1975



Table A XIX
Sensitivity Analysis of Population: 1980 Core Decline

Retail Category	Square Feet (000's)	Number of Stores Median Size
Supermarkets		
National chain	107	5
Local chain	98	4
Independent	86	4
Fast Food		
National chain	10	5
Local chain	13	7
Independent	17	many
Dry Cleaning		
National chain	NA	NA
Local chain	33	many
Independent	31	many
Junior Department Store		
National chain	88	2
Local chain	74	3
Independent	109	many
Family Wear		
National chain	126	many
Local chain	92	many
Independent	107	many

Hardware		
National chain	25	4
Local chain	18	2
Independent	20	many



TV, Radio		
National chain	6	3
Local chain	8	3
Independent	7	4
Drugs		
National chain	20	1
Local chain	14	1
Independent	18	3

Source: Dollars & Cents of Shopping Centers: 1975 Urban Land Institute, Washington, D.C., 1975



<u>Table A XX</u>
Sensitivity Analysis of Population: 1980 Core Intensive

Retail Category	Square Feet (000°s)	Number of Stores Median Size
Supermarkets		
National chain	141	many
Local chain	129	5
Independent	114	many
Fast Food		
National chain	15	many
Local chain	20	many
Independent	25	many
Dry Cleaning		
National chain	na	NA
Local chain	42	many
Independent	40	many
Junior Department Store		
National chain	95	2
Local chain	80	4
Independent	118	many
Family Wear		
National chain	77	many
Local chain	61	many
Independent	62	many
•		
Hardware		
National chain	32	4
Local chain	23	2
Independent	25	5



TV and Radio		
National chain	8	4
Local chain	10	5
Independent	9	A
Drugs		
National chain	24	2
Local chain	17	2
Independent	22	4

Source: Dollars & Cents of Shopping Centers: 1975, Urban Land Institute, Washington, D.C., 1975



Supplemental Appendices: Background material for Financial Analysis

# Appendices to Financial Analysis

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Appendices to the Financial Feasibility Analysis



Table B I

Financi al Projections: Supermarket

#### B. Balance Sheet

	Est.	Range
Assets:		
Cash	\$ 57.2K	\$25.8-74.0K
Receivables	10.1	3.0-13.6
Inventory	161.8	123.5-202.1
Other Current		
Assets	32.6	6.8-51.1
Total Current		
Assets	261.8	244.5-312.2
Other Investments		
and Advances	20.1	0.0-34.4
Other Assets	12.5	0.0- 6.4
Real Estate	75.7	0.0-80.0
Leasehold		
Improvements	97.7	0.1-34.2
Fixtures and	included	
Equipment	abo <b>v</b> e	46.5-100.4
Building	22.2	0.0-24.7
Total Fixed Asset	в 195.6	145.8-216.3
Total Assets	\$490 K	
Liabilities:		
Notes Payable	\$ 9.9K	\$0.0- 6.9K
Accounts Payable	111.0	73.7-126.6
Accrued Expenses	31.9	9.1- 34.0
Reserve for Taxes	4•5	0.0- 8.9
Other Current		
Liabilities	7.4	2.7- 8.5
Total Current		
Liabilities	164.6	105.8-178.4
Mortgage	22.9	0.0- 34.0
Bonds	27.7	0.0-/31.0
Other Long Term		- 0 0
Liabilities	11.3	2.8- 31.0 2.8- 96.0
Total Liabilities	226.5	-
Capital Paid-in	68.7	34.8 70.8
Capital Surplus	176.4	169.7-266.1
LIFO Reserve	17.6	0.0- 36.0
Other Reserves	0.7	004 5 250 1
Total Net Worth	263.4	204.5-372.1
Total Liabilities		
and Capital	\$490 K	

Source: Earle, W. Operating Results of Food Chains 1975-76 Cornell University, 1976



Table BII

# Financial Projections: Drug Store A. Income Statement

Small		Medium		Large
Net Sales	\$385K	Net Sales	\$585K	Net Sales \$880K
Cost of Goods Sold	\$260K	Cost of Goods	s .\$395K	Cost of Goods Sold \$595K
Gross Margin	\$125K	Gross Margin	\$190K	Gross Margin \$285K
Other Expense	\$117K	Other Expens	\$179K3	Other Expens \$268K
Profit Margin	\$ 7K	Profit Marg	\$ 11K	Profit Marg \$ 17K
Income Tax	\$ 2K	Income Tax	\$ 3.5K	Income Tax \$ 5K
Net Income	\$ 5K	Net Income	\$ 7.5K	Net Income \$ 14K



# Table BIII

# Financial Projections: Drug Store

# B. Balance Sheet

<u>Small</u>	Medium	Large
Assets:	Assets:	Assets:
Cash \$ 9.9K Accounts	Cash \$14.7K Accounts	Cash \$22.1K Accounts
Receivable \$16.5K	Receivable \$24.6K	Receivable \$37 K
Inventory \$72.8K	Inventory \$108.7K	Inventory \$163.3K
Other Current Assets \$ 1.5K	Assets \$ 2.3K	Assets \$ 3.4K
Total CA \$100.7K	Total CA \$150.3K	Total CA \$225.9K
Fixed Assets \$17.7K	Fixed Asset \$ 26.4K	Fixed Asset \$39.8K
Other Non-CA \$ 9.6K	Other NonCA \$14.3K	Other NonCA \$21.5K
Total Assets \$128 K	Total Asset \$190 K	Total Asset \$287 K
Liabilities:	Liabilities:	Liabilities:
Short-term	Short-term Loan from	Short-term Loan from
Banks \$ 7. K	Banks \$10.5K	Banks \$15.8K
Accounts	Accounts	Accounts
Payable \$30 K	Payable \$44.7K	Payable \$67.2K
Income Tax	Income Tax	Income Tax
Due \$ 1.2K	Due \$ 1.7K	Due \$ 2.6K
Current Portion	Current Portion	Current Portion
LT Debt \$ 4.5K	LT Debt \$ 6.7K	LT Debt \$10 K
Other Current	Other Current Liab \$16.8K	Liab \$25.3K
Liab \$11.3K Total CL \$53.9K	Total CL \$80.4K	Total CL \$120.8K
Long-term D \$21.7K	Long-term D \$34.2K	Long-term D \$50.1K
Net Worth \$52.4K	Net Worth \$78.1K	Net Worth \$117.4K
Total Liab. \$128 K	Total Liab. \$190 K	Total Liab. \$287 K



# Table BIV

#### Financial Projections: Junior Department Store

#### B. Balance Sheet

Small		Medium		Large	
Assets:		Assets:		Assets:	
Cash	\$26.2K	Cash	\$34.8K	Cash	\$58.7K
Accounts		Accounts		Accounts	
Receivabl	e \$39.2K	Receivable	\$116.5K	Receivable\$	196.0K
Inventory		Inventory	\$230.0K	Inventory \$	387.6K
Other CA	\$ 3.1K	Other CA	\$10.4K		\$16.5K
Total CA	\$196.6K	Total CA	\$392.1K		659.8K
Fixed Assets		Fixed Assets		Fixed Asset \$	
Other Non-CA		Other Non-CA	\$23.9K	Other Non-CA	-
Total Assets	\$236 K	Total Assets	\$520 K	Total Asset \$	875 K
Liabilities:		Liabilities:		Liabilities:	
ST Loan-Bank	s \$19.9K	ST Loan-Banks	\$45.8K	ST Loan-Bank	\$77.0K
Accounts	,.,	Accounts	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	Accounts	w     0 0 a.
Payable	\$39.2K	Pavable	\$80.1K	Payable \$	134.8K
Income Tax	# 5/4 = 22	Income Tax		Income Tax	J -   4 - L.
Due	\$ 2.6K	Due	\$10.9K		\$18.4K
Current Port	ion	Current Porti		Current Porti	on
LT Debt	\$ 5.2K	LT Debt	\$11.4K		\$19.3K
Other CL	\$21. K	Other CL	\$40.6K		\$68.3K
Total CL	\$88. K	Total CL	\$188.8K		317.6K
LT Debta	\$24.5K	LT Debt	\$79.6K		133.9K
Subordinated		Subordinated	W17001	Subordinated	2 ) ) 4 / 22
Debt	\$ 2.4K	Debt	\$ 8.3K		\$14.0K
Net Worth	\$123.2K	Net Worth	\$243.4K		409.5K
	#120°CM	2. 30 1102 111	A-47 s der		10 / U
Total Liab	\$236 K	Total Liab	\$520 K	Total Liab \$	875 K



Table B V

Financial Projections: Department Store

#### B. Balance Sheet

. Medium	Large
Assets:	Assets:
Cash \$97.6K	Cash \$164.1K
Accounts	Accounts
Receivable \$117.4K	Receivable \$287.7K
Inventory \$171.9K	Inventory \$289.2K
Other CA \$ 7.2K	Other CA \$12.2K
Total CA \$394 K	Total CA \$662.9K
Real Estate &	Real Estate &
Equipment \$73.9K	Equipment \$124.3K
Investment \$ 7.4K	Investment \$13.0K
Other \$ 7.2K	Other Non-CA \$12.0K
Total Non-CA \$89 K	Total Non-CA \$149.5K
Total Assets \$483 K	Total Assets \$812 K
Liabilities:	Liabilities:
ST Loans-Banks \$11.1K	ST Loans-Banks \$18.7K
Accounts	Accounts
Pavable \$36.7K	Payable \$61.7K
Accrued Taxes \$ 0.5K	Accrued Taxes \$ 0.8K
Deferred Taxes \$ 3.4K	Deferred Taxes \$ 5.7K
Other CL \$17.9K	Other CL \$30.1K
Total CL \$70 K	Total CL \$117 K
Long Term Debt	Long Term Debt
Banks \$35.3K	Banks \$59.3K
Subordinated	Subordinated
Debt \$15.5K	Debt \$26.0K
Reserves and	Rese <b>rves an</b> d
Other Non-CL \$ 3.9K	Other Non-CL \$ 6.5K
Total Liab \$124.1K	Total Liab \$208.8K
Preferred	Preferred Stock \$ 6.5K
Stock \$ 3.9K	
Common Stock &	Common Stock &
Retained	Retained
Earnings \$355 K	Earnings \$597.1K
Total SE \$358 K	Total SE \$603.6K
Total Liab \$483 K	Total Liab \$812 K

Source: Financial and Operating Results of Department and Specialty
Stores of 1975, National Retail Merchants Association, NY, 1976



# Table BVI

# Financial Projections: Family Clothing

# B. Balance Sheet

Small		Medium		Larg	е
Assets:		Assets:		Assets:	
Cash Accounts	\$10.1K	Cash Accounts	\$22.7K	Cash Accounts	\$37.3K
Receivabl	e \$12.5K	Receivable	\$34.7K	Receivabl	e \$57.1K
Inventory	\$66.1K	Inventory	\$113.7K	Inventory	\$186.9K
Other CA	\$ 1.5K	Other CA	\$ 3.6K	Other CA	\$ 6.0K
Total CA	\$89.3K	Total CA	\$174.6K	Total CA	\$286.8K
Fixed Assets	\$10.5K	Fixed Assets	\$40.2K	Fixed Asset	
Other Non-CA	\$ 6.3K	Other Non-CA	\$12.0K	Other Non-C	A \$19.8K
					-
Total Assets	\$106 K	Total Assets	\$227 K	Total Asset	\$373 K
Liabilities:		Liabilities:		Liabilities	:
ST Loan-Bank	\$11.4K	ST Loan-Bank	\$21.1K	ST Loan-Ban	k \$34.7K
Accounts		Accounts		Accounts	
Payable	\$15.6K	Payable	\$37.7K	Payable	\$61.9K
Income Tax		Income Tax		Income Tax	
Due	\$ 1.8K	Due	\$ 4.1K	Due	\$ 6.7K
Current Port	ion	Current Porti	on	Current Por	tion
LT Debt	\$ 3.6K	LT Debt	\$ 4.8K	LT Debt	
Other CL	\$12.2K	Other CL	\$20.0£	Other CL	\$32.8K
Total CL	\$44.5K	Total CL	\$87.6K	Total CL	\$144.0K
LT Debt	\$10.1K	LT Debt	\$24.3K	LT Debt	\$39 <b>.9</b> K
Subordinated		Subordinated		Subordinate	
Debt	\$ 2.8K	Debt	\$ 0.7K	Debt	\$ 1.1K
Net Worth	\$48.7K	Net Worth	\$114.4K	Net Worth	\$18810K
Total Liab	\$106 K	Total Liab	\$227 K	Total Liab	\$373 K



# Table BVII

# Financial Projections: Family Shoe

# A. Income Statement

Small		Medium		Large	
Net Sales	\$138K	Net Sales	\$229K	Net Sales	\$290K
Cost of Goods Sold	\$ 84K	Cost of Good Sold	s \$139K	Cost of Goods	\$177K
Gross Margin	\$ 54K	Gross Margin	\$ 90K	Gross Margin	\$113K
Other Expense	\$ 50K	Other Expens	\$ 84K	Other Expen	\$106K
Profit Marg	\$ 4K	Profit Marg	\$ 6K	Profit Marg	\$ 8K
Income Tax	\$ 0.7K	Income Tax	\$ 1.1K	Income Tax	\$ 2.3K
Net Income	\$ 2.9K	Net Income	\$ 4.9K	Net Income	\$ 5.2K



Table BVIII
Financial Projections: Family Shoe

# B. Balance Sheet

Small		Medium		Large	
Assets:		Assets:		Assets:	
Cash Accounts	\$ 8.1K	Cash Accounts	\$11.2K	Cash Accounts	\$14.3K
Receivable Inventory	\$ 6.3K \$56.1K	Receivable Inventory	\$ 8.4K \$74.6K	Receivable Inventory	\$10.7K \$95.0K
Other CA	\$ 0.8K	Other CA	\$ 1.0K	Other CA	\$ 1.3K
Fixed Assets	\$71.5K \$ 8.8K	Total CA Fixed Assets	\$95.0K \$11.6K	Total CA Fixed Assets	*
Other Non-CA	\$ 4.8K	Other Non-CA	\$ 6.3K	Other Non-CA	\$ 8.1K
Total Assets	\$85 K	Total Assets	\$113 K	Total Assets	\$144 K
Liabilities:		Liabilities:		Liabilities:	
ST Loan-Bank Accounts	\$ 8.4K	ST Loan-Bank Accounts	\$11.2K	ST Loan-Bank Accounts	\$14.3K
Payable Income Tax	\$21.1K	Payable Income Tax	\$28.0K	Payable Income Tax	\$35.7K
Due	\$ 0.7K	Due	\$ 0.9K	Due	\$ 1.2K
Current Porti	on	Current Porti	on	Current Porti	on
LT Debt	\$ 2.5K	LT Debt	\$ 3.3K	LT Debt	\$ 4.2K
Other CL	\$ 5.7K	Other CL	<b>\$</b> 7.6K	Other CL	\$ 9.6K
Total CL	\$38.3K	Total CL	\$51.0K	Total CL	\$64.9K
LT Debt	\$12.3K	LT Debt	\$16.4K	LT Debt	\$20.9K
Net Worth	\$34.3K	Net Worth	\$45.6K	Net Worth	\$58.2K
Total Liab	\$85 K	Total Liab	\$113 K	Total Liab	\$144 K



Table BIX

# Financial Projections: Hardware

#### A. Income Statement

<u>Small</u>	Medium	Large
Net Sales \$195K	Net Sales \$274K	Net Sales \$439K
Cost of Goods Sold \$129K	Cost of Goods Sold \$185K	Cost of Goods Sold \$296K
Gross Margin \$ 66K	Gross Marg \$ 89K	Gross Margin \$143K
Other Expens \$ 58K	Other Expens \$ 77K	Other Expens \$123K
Profit Margin \$ 8K	Profit Marg \$ 12K	Profit Marg \$ 19K
Income Tax \$ 1.4K	Income Tax \$ 3.8K	Income Tax \$ 6.1K
Net Income \$ 6.2K	Net Income \$ 8.3K	Net Income \$ 13.2K



# Table BX Financial Projections: Hardware

# B. Balance Sheet

Small		Medium		Large	
Assets:		Assets:		Assets:	
Cash	\$ 7.4K	Cash	\$ 9.6K	Cash	\$15.5K
Accounts		Accounts		Accounts	
Receivable	\$11.6K	Receivable	\$23.1K	Receivable	\$37.1K
Inventory	\$49.6K	Inventory	\$58.5K	Inventory	\$94.4K
Other CA	\$ 0.5K	Other CA	\$ 1.5K	Other CA	\$ 2.5K
Total CA	\$69.0K	Total CA	\$92.9K	Total CA	\$149.2K
Fixed Assets	\$ 9.5K	Fixed Assets	\$19.6K	Fixed Assets	\$31.5K
Other Non-CA	\$ 6.5K	Other Non-CA	\$ 6.4K	Other Non-CA	\$10.3K
Total Assets	\$85 K	Total Assets	\$119 K	Total Assets	\$191 K
Liabilities:		Liabilities:		Liabilities:	
ST Loans-Bank	\$ 7.6K	ST Loans-Bank	\$ 9.0K	ST Loans-Bank	\$12.4K
Accounts		Accounts	. , , , , , , ,	Accounts	
Payable	\$13.7K	Payable	\$19.0K	Payable	\$30.6K
Income Tax	W-50 125	Income Tax	**->**-	Income Tax	0 3 - 0 - 0 -
Due	\$ 0.5K	Due	\$ 1.8K	Due	\$ 2.9K
Current Porti		Current Porti		Current Porti	
LT Debt	\$ 1.8K	LT Debt	\$ 3.7K	LT Debt	\$ 5.9K
Other CL	\$ 6.9K	Other CL	\$ 7.9K	Other CL	\$15.9K
Total CL	\$30.5K	Total CL	\$42.1K	Total CL	\$67.6K
LT Debt	\$12.9K	LT Debt	\$14.9K	LT Debt	\$23.9K
Net Worth	\$41.6K	Net Worth	\$70.0K	Net Worth	\$99.5K
Total Liab	\$85 K	Total Liab	\$119 K	Total Liab	\$191 K



#### Table BXI

#### Financial Projections: Appliances

# A. Income Statement

Small		Medium		Large	
Net Sales	\$191K	Net Sales	\$711K	Net Sales	\$1067K
Cost of Goods Sold	\$128K	Cost of Good	s \$506K	Cost of Good Sold	s 759K
Gross Margin	\$ 63K	Gross Margin	\$205K	Gross Margin	\$ 308K
Other Expense	\$ 55K	Other Expens	\$188K	Other Expens	\$ 286K
Profit Margin	\$ 7K	Profit Marg	\$ 16K	Profit Marg	\$ 22K
Income Tax	\$ 1.1K	Income Tax	\$ 5.0K	Income Tax	\$ 5.3K
Net 1ncome	\$ 6.3K	Net Income	\$ 11.4K	Net Income	\$ 17.1K

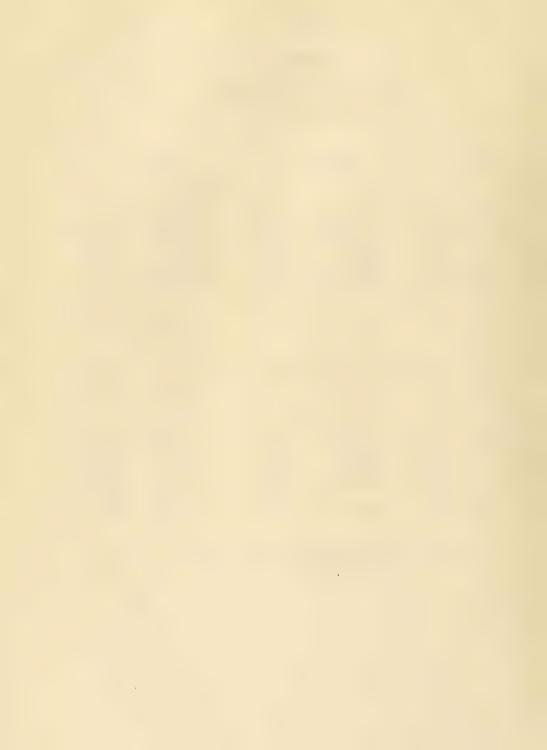


# Table BXII

# Financial Projections: Appliances

# B. Balance Sheet

Small		Medium		Large	
Assets:		Assets:		Assets:	
Cash Accounts	\$ 9.2K	Cash Accounts	\$23.6K	Cash Accounts	\$52.1K
Receivable	\$17.8K	Receivable	\$72.8K	Receivable	\$77.4K
Inventory	\$42.2K	Inventory	\$152.3K	Inventory	\$222.3K
Other CA	\$ 1.5K	Other CA	\$ 8.9K	Other CA	\$21.0K
Total CA	\$69.9K	Total CA	\$257.3K	Total CA	\$372.8K
Fixed Assets	\$12.0K	Fixed Assets	\$46.7K	Fixed Assets	\$83.7K
Other Non-CA	\$ 4.0K	Other Non-CA	\$13.7K	Other Non-CA	\$21.0K
Total Assets	\$86 K	Total Assets	\$318 K	Total Assets	\$478 K
Liabilities:		Liabilities:		Liabilities:	
ST Loan-Bank Accounts	\$12.2K	ST Loan-Banks Accounts	\$31.5K	ST Loan-Banks Accounts	\$55.4K
Payable	\$12.5K	Payable	\$71.6K	Payable	\$135.8K
Income Tax		Income Tax		Income Tax	
Due	\$ 0.9K	Due	\$ 2.9K	Due	\$ 2.9K
Current Porti	on	Current Porti	on	Current Porti	on
LT Debt	\$ 1.8K	LT Debt	\$ 8.0K	LT Debt	\$20.6K
Other CL	\$ 8.5K	Other CL	\$40.4K	Other CL	\$64.1K
Total CL	\$35.9K	Total CL	\$154.2K	Total CL	\$278.7K
LT Debt	\$ 9.9K	LT Debt	\$35.6K	LT Debt	\$56.0K
Net Worth	\$40.2K	Net Worth	\$129.0K	Net Worth	\$142.9K
Total Liab	\$86 K	Total Liab	\$318 K	Total Liab	\$478 K



# Table BXIII Financial Projections: Radio, TV

# A. Income Statement

Small		Medium		Large	
Net Sales \$6	S8K Net	Sales \$	3127K	Net Sales	\$153K
Cost of Goods Sold \$4		of Goods Sold \$	85K	Cost of Goods Sold	\$103K
Gross Margin \$2	22K Gros	s Margin \$	42K	Gross Margin	\$ 50K
Other Expense \$1	9K Othe	r Expens \$	36K	Other Expens	\$ 43K
Profit Margin \$	3K Prof	it Marg \$	6K	Profit Marg	<b>\$</b> 7K
Income Tax \$	0.6K Inco	me Tax \$	1.1K	Income Tax	\$ 1.4K
Net Income \$	2.5K Net	Income \$	4.6K	Net Income	\$ 5.5K



# Table BXIV Financial Projections: Radio,TV

# B. Balance Sheet

<u>Small</u>		Medium		Large	
Assets:		Assets:		Assets:	
Cash	\$ 4.1K	Cash	\$ 7.7K	Cash	\$ 9.3K
Accounts		Accounts		Accounts	
Receivable	\$ 3.9K	Receivable	\$ 7.2K	Receivable	\$ 8.8K
Inventory		Inventory	\$27.2K	Inventory	\$33.0K
Other CA	\$.0.4K	Other CA	\$ 0.7K	Other CA	\$ 0.8K
Total CA		Total CA	\$42.2K	Total CA	\$51.3K
Fixed Assets	\$ 5.3K	Fixed Assets	\$ 9.9K	Fixed Assets	\$12.0K
Other Non-CA	\$ 2.1K	Other Non-CA	\$ 3.9K	Other Non-CA	\$ 4.8K
Total Assets	\$30 K	Total Assets	<b>\$</b> 56 K	Total Assets	\$68 K
Liabilities:		Liabilities:		Liabilities:	
ST Loan-Banks	\$ 4.1K	ST Loan-Banks	\$ 7.6K	ST Loan-Banks	\$ 9.2K
Accounts	*	Accounts		Accounts	
Payable	\$ 6.2K	Payable	\$11.6K	Payable	\$14.1K
Income Tax		Income Tax		Income Tax	
Due	\$ 0.4K	Due	\$ 0.7K	Due	\$ 0.8K
Current Porti		Current Portio		Current Portio	
LT Debt	\$ 0.6K	LT Debt	\$ 1.1K	LT Debt	\$ 1.4K
Other CL	\$ 2.7K	Other CL	\$ 5.1K	Other CL	\$ 6.2K
Total CL	\$14.0K	Total CL	\$26.1K	Total CL	\$31.7K
LT Debt	\$ 3.2K	LT Debt	\$ 6.0K	LT Debt	\$ 7.3K
Net Worth	\$12.8K	Net Worth	\$23.9K	Net Worth	\$29.0K
Total Liab	\$30 K	Total Liab	\$56 K	Total Liab	\$68 K



#### Table BXV

# Financial Projections: Dry Cleaning

# A. Income Statement

Small		Medium	
Net Sales	\$32K	Net Sales	\$65K
Cost of Goods Sold	\$16K	Cost of Goods Sold	\$32K
Gross Margin	\$16K	Gross Margin	\$33 <b>K</b>
Other Expense	\$15.7K	Other Expense	\$32.4K
Profit Margin	\$ 0.3K	Profit Margin	\$ 0.6K
Income Tax	\$ 0.2K	Income Tax	\$ 0.4K
Net Income	\$ 0.1K	Net Income	\$ 0.2K



## Table BXVI Financial Projections: Dry Cleaning

#### B. Balance Sheet

Small		Medium		
Assets:		Assets:		
Cash	\$ 1.6K	Cash	\$ 3.2K	
Accounts		Accounts		
Receivable	\$ 1.8K	Receivable	\$ 3.6K	
Inventory	\$ 3.3K	Inventory	\$ 6.6K	
Other CA	\$ 1.5K	Other CA	\$ 3.0K	
Total CA	\$ 6.5K	Total CA	\$13.0K	
Fixed Assets	\$ 8.7K	Fixed Assets	\$17.4K	
Other Non-CA	\$ 1.8K	Other Non-CA	\$ 3.6K	
Total Assets	\$17 K	Total Assets	\$34 K	
Liabilities:		Liabilities:		
ST Loan-Banks	\$ 1.5K	ST Loan-Banks	\$ 3.0K	
Accounts	*	Accounts		
Payable	\$ 1.9K	Payable	\$ 3.8K	
Income Tax		Income Tax		
Due	\$ 0.2K	Due	\$ 0.4K	
Current Portion		Current Portion		
LT Debt	\$ 1.OK	LT Debt	\$ 2.0K	
Other CL	\$ 2.5K	Other CL	\$ 5.0K	
Total CL	\$ 7.0K	Total CL	\$14.0K	
LT Debt	\$ 3.6K	LT Debt	\$ 7.2K	
Net Worth	\$ 6.4K	Net Worth	\$12.8K	
Total Liab	\$17 K	Total Liab	<b>\$34</b> K	

Source: 1976 Annual Statement, Robert Morris Associates, 1976



#### Table BXVII

#### Financial Projections: Fast Foods

#### A. Income Statement

Small	Medium		Large
Net Sales \$64K	Net Sales	\$128K	Net Sales \$212K
Cost of Goods Sold \$28K	Cost of Goods	\$ 56K	Cost of Goods Sold \$ 94K
Gross Margin \$36K	Gross Margin	\$ 72K	Gross Margin \$118K
Other Expense \$34K	Other Expense	\$ 68K	Other Expense\$112K
Profit Margin \$ 1.	8K Profit Margin	\$ 3.6K	Profit Margin 5.9K
Income Tax \$ 0.	6K Income Tax	\$ 1.2K	Income Tax \$ 1.9K
Net Income \$ 1.	2K Net Income	\$ 2.4K	Net Income \$ 4.0K

Source: 1976 Annual Statement, Robert Morris
Associates, 1976



# Table BXVIII Financial Projections: Fast Foods

#### B. Balance Sheet

Small		Medium		Large
Assets:		Assets:		Assets:
Cash	\$17.8K	Cash	\$20.6K	Cash \$30.7K
Accounts	A 4 077	Accounts	A 0 474	Accounts
Receivable Inventory		Receivable	W	Receivable \$13.8K
Other CA	\$ 5.6K	Inventory	\$11.2K	Inventory \$18.7K
Total CA	W 3-7	Other CA	\$ 7.0K	Other CA \$11.8K
	\$22.6K	Total CA	\$45.2K	Total CA \$75.3K
Fixed Assets	-	Fixed Assets	\$82.6K	Fixed Assets \$137.5K
Other Non-CA	\$13.0K	Other Non-CA	\$26.0K	Other Non-CA \$43.3K
Total Assets	\$77 K	Total Assets	\$155 K	Total Assets \$256 K
Liabilities:		Liabilities:		Liabilities:
ST Loan-Banks	\$ 2.9K	ST Loan-Banks	\$ 5.8K	ST Loan-Banks \$ 9.7K
Accounts		Accounts		Accounts
Payable	\$11.0K	Payable	\$22.0K	Payable \$36.6K
Income Tax		Income Tax		Income Tax
Due	\$ 9.2K	. Due	\$18.4K	Due \$30.7K
Current Porti	on	Current Portic	n	Current Portion
LT Debt	\$ 0.7K	LT Debt	\$ 1.4K	3
Other CL	\$ 9.5K	Other CL	\$19.0K	in the second second
Total CL	\$33.5K	Total CL	\$67.0K	Company of the Compan
LT Debt		LT Debt	\$119.2K	:
Net Worth	\$17.3K	Net Worth	\$34.6K	\$ -
	100	5 th		
Total Liab	\$77 K	Total Liab	\$155 K	

Source: 1976 Annual Statement, Robert Morris Associates, 1976

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Southwest Corridor Land Development Coalition, Inc. Institutional and commercial development in Boston's Southwest Cor-

D40 S72I Southwest Corridor Land Development Coalition, Inc.



"A project having such promise as the Southwest Corridor will become a model for the way we rebuild all of metropolitan America. The power of the Project idea is that it recognizes the organic nature of the living city. It fortifies the complex interrelationships among business, cultural, and personal activities. It gives new freedoms through new opportunities while binding us ever more closely together. The Corridor project will give us a more humane environment in which we can invest our energy and wealth for years to come."

Hon. Edward Brooke
 U.S. Senator from Massachusetts
 March, 1976





